

Also, a bill (H. R. 1895) granting a pension to John Mienkowski; to the Committee on Pensions.

Also, a bill (H. R. 1896) granting a pension to Benjamin F. Kabosky; to the Committee on Pensions.

Also, a bill (H. R. 1897) granting a pension to John Wroblewski; to the Committee on Pensions.

Also, a bill (H. R. 1898) granting a pension to George Stovall Mitchell; to the Committee on Pensions.

Also, a bill (H. R. 1899) granting a pension to Ove H. Gram; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1900) granting a pension to Annie Duggan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1901) granting a pension to Caroline Carleton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1902) granting a pension to William G. Munro; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1903) granting a pension to Fred E. Craigne; to the Committee on Invalid Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 1904) for the relief of J. C. Thompson; to the Committee on Indian Affairs.

By Mr. SPARKS: A bill (H. R. 1905) granting an increase of pension to Savina Stump; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 1906) granting a pension to Telitha C. Harvey; to the Committee on Invalid Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 1907) granting a pension to Pearl Brentlinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1908) granting a pension to Margaret S. Colf; to the Committee on Invalid Pensions.

By Mr. WASON: A bill (H. R. 1909) for the relief of Emery Cormier; to the Committee on Patents.

By Mr. ZIHLMAN: A bill (H. R. 1910) granting a pension to Isaac Clay; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

177. Petition of North Beach Promotion Association, North Beach, Md., memorializing Congress for a reduction of 50 per cent in the Federal tax on earned incomes; to the Committee on Ways and Means.

178. By Mr. BURTNESS: Petition of the citizens of Great Bend and adjoining communities, asking that the tariff be made effective on farm products, and in absence thereof that tariff now existing on manufactured products be repealed, particularly emphasizing the need thereof in export surplus crops; to the Committee on Agriculture.

179. By Mr. EATON of Colorado: Petition of the Grand Army of the Republic, urging the passage of legislation by the special session of the Seventy-first Congress for the relief of Civil War veterans and their widows, sufficient only to procure the necessities, not the luxuries, of life; to the Committee on Invalid Pensions.

180. By Mr. FITZPATRICK: Petition of B. Jacobsen, chairman Scandinavian Immanuel Lutheran Church, of 1410 Vyse Avenue, Bronx, New York City, and members of the congregation, advocating the repeal of the national-origins provision of the immigration act and for the continuance of the quotas based on 2 per cent of the 1890 census; to the Committee on Immigration and Naturalization.

181. By Mr. McDUFFIE: Evidence in support of House bill 1854, granting an increase of pension to Bertha R. Baer; to the Committee on Invalid Pensions.

SENATE

WEDNESDAY, April 24, 1929

(Legislative day of Tuesday, April 23, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MEMORIALS

Mr. WHEELER presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Finance:

Senate Joint Memorial 7

A resolution memorializing the Congress of the United States, requesting the passage of necessary legislation providing for an increase of the tariff on flaxseed and flaxseed products

To the honorable Senate and House of Representatives in the Congress of the United States:

Your memorialists, the members of Twenty-first Legislative Assembly of the State of Montana, respectfully request that—

Whereas flax is one of the important crops of our Northwestern States and is grown quite generally in Montana and to the extent of its planting tends to replace a similar acreage of wheat, of which a greater acreage is now planted than is to the best interests of the producers; and

Whereas this country does not now produce a surplus of flaxseed, an increased tariff on this commodity should immediately result in a larger acreage being planted and an improvement in price to the producer, together with a measure of relief to the wheat-growing situation: Now, therefore, be it

Resolved, That it is the sense of this Twenty-first Legislative Assembly of the State of Montana that the Congress of the United States place a duty on flaxseed of 1½ cents per pound in lieu of the present rate of 40 cents per bushel of 56 pounds, and also a proportionate duty upon flaxseed products; and be it further

Resolved, That a copy of this memorial be transmitted by the secretary of state for Montana to the Senate and House of Representatives of the United States, to each of the Senators and Representatives of the State of Montana in Congress, also to the Tariff Commission and the Ways and Means Committee of the National Congress, with the request that they and each of them exert every effort within their power to bring about the enactment of the tariff legislation herein expressed.

Approved by J. E. Erickson, governor, February 22, 1929.

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD and referred to the Immigration Committee a telegram from Mrs. D. Roger Englar, corresponding secretary general of the Daughters of the American Revolution, relating to the subject of the repeal of the national-origins clause of the immigration law.

There being no objection, the telegram was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., April 18, 1929.

HON. JOE T. ROBINSON,

United States Senator, Senate Minority Floor Leader,

Senate Office Building, Washington, D. C.:

The National Society Daughters of the Revolution desire to go on record as strongly opposed to any change in the present provisions of the immigration laws with respect to national origins.

Mrs. D. ROGER ENGLAR,
Corresponding Secretary General.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PITTMAN:

A bill (S. 563) to amend section 4 of the interstate commerce act; to the Committee on Interstate Commerce.

By Mr. TRAMMELL:

A bill (S. 564) providing for flood control and improvement of navigation of Lake Okeechobee, Fla., and the Caloosahatchee River, Fla.; to the Committee on Commerce.

By Mr. GILLETT:

A bill (S. 565) for the relief of Mucia Alger; to the Committee on Claims.

A bill (S. 566) granting an increase of pension to Mary E. Dickinson; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 567) granting an increase of pension to Henrietta P. Munroe (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 568) to establish the Wright Transcontinental Airway; to the Committee on Commerce.

A bill (S. 569) defining the official salute to the flag; to the Committee on Military Affairs.

A bill (S. 570) for the relief of Stanley S. Brown; to the Committee on Claims.

By Mr. PHIPPS:

A bill (S. 571) to amend section 204 of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920; to the Committee on Interstate Commerce.

By Mr. ROBINSON of Indiana:

A bill (S. 572) to make The Star-Spangled Banner the national anthem of the United States of America; to the Committee on the Library.

By Mr. DALE:

A bill (S. 573) granting an increase of pension to Cora A. Dunham;

A bill (S. 574) granting an increase of pension to Alma J. Arthur (with accompanying papers);

A bill (S. 575) granting an increase of pension to Harriet A. Tilley (with accompanying papers);

A bill (S. 576) granting an increase of pension to Mary Ann Shepard (with accompanying papers);

A bill (S. 577) granting an increase of pension to Emma S. Stevens (with accompanying papers); and

A bill (S. 578) granting an increase of pension to Mary E. Randall (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 579) to provide for the election of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAWES:

A bill (S. 580) to amend the interstate commerce act, being "An act to regulate commerce," as amended July 29, 1906; April 13, 1908; June 13, 1910; February 17, 1917; March 2, 1917; May 29, 1917; August 10, 1917; and February 28, 1920; by providing a more adequate system of regulation for the railroads of the United States through an extension of the Interstate Commerce Commission and the creation of seven regional commissions to cooperate with and assist the Interstate Commerce Commission in the performance of its duties, and for other purposes; to the Committee on Interstate Commerce.

A bill (S. 581) granting the consent of Congress to the Jerome Bridge Co., a corporation, to maintain a bridge already constructed across the Gasconade River near Jerome, Mo.; to the Committee on Commerce.

A bill (S. 582) for the relief of Capt. W. B. Finney; to the Committee on Claims.

A bill (S. 583) to amend section 552 of the tariff act of 1922; to the Committee on Finance.

A bill (S. 584) to prohibit the acceptance by any person of certain contributions for the purpose of influencing Congress as to legislation or other matters;

A bill (S. 585) to amend the national prohibition act, as supplemented, to conform with the eighteenth constitutional amendment by permitting the use of alcoholic liquors for medicinal purposes;

A bill (S. 586) to amend the national prohibition act, as supplemented, to conform with the eighteenth constitutional amendment by limiting the prohibition to intoxicating liquors for beverage purposes; and

A bill (S. 587) to amend the Federal corrupt practices act, 1925, approved February 28, 1925, by prohibiting the acceptance of certain contributions, and for other purposes; to the Committee on the Judiciary.

A bill (S. 588) for the relief of Arnold E. Carver (with accompanying papers);

A bill (S. 589) for the relief of John Costigan (with accompanying papers);

A bill (S. 590) for the relief of William S. Cook;

A bill (S. 591) authorizing the Secretary of War to grant to Minor Moore a certificate of honorable discharge from the United States Army, and for other purposes;

A bill (S. 592) for the relief of Thomas F. Sutton (with an accompanying paper);

A bill (S. 593) for the relief of Arthur Moffatt, deceased (with an accompanying paper);

A bill (S. 594) for the relief of Lemuel Simpson (with an accompanying paper); and

A bill (S. 595) for the relief of Thomas A. Heard (with an accompanying paper); to the Committee on Military Affairs.

A bill (S. 596) granting a pension to Susan E. Weaver (with accompanying papers);

A bill (S. 597) granting a pension to Lemuel Simpson (with accompanying papers);

A bill (S. 598) granting a pension to James M. Murray (with accompanying papers);

A bill (S. 599) granting a pension to Joseph Bissinger (with accompanying papers);

A bill (S. 600) granting an increase of pension to Lomeas D. E. Williams (with accompanying papers);

A bill (S. 601) granting an increase of pension to Hattie A. Wooley (with accompanying papers);

A bill (S. 602) granting an increase of pension to Mary Halfman (with accompanying papers);

A bill (S. 603) granting a pension to Mike Zwitichy (with an accompanying paper);

A bill (S. 604) granting an increase of pension to Elizabeth R. Brents (with accompanying papers);

A bill (S. 605) granting a pension to Nancy S. Walker;

A bill (S. 606) granting an increase of pension to Rosella F. Mason;

A bill (S. 607) granting an increase of pension to Caroline E. Winters;

A bill (S. 608) granting an increase of pension to Martha C. Taylor; and

A bill (S. 609) granting a pension to Barbara E. James; to the Committee on Pensions.

By Mr. HAYDEN:

A bill (S. 610) to prohibit the sending of unsolicited merchandise through the mails; to the Committee on Post Offices and Post Roads.

By Mr. BLACK:

A bill (S. 611) for the relief of R. A. Burns; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 612) for the relief of Charles Parshall, Fort Peck Indian allottee, of the Fort Peck Reservation, Mont.; to the Committee on Indian Affairs.

A bill (S. 613) to establish a fish-cultural station in the State of Montana as an auxiliary to the Bozeman, Mont., fisheries station; to the Committee on Commerce.

A bill (S. 614) granting a pension to certain Indians, and for other purposes; to the Committee on Pensions.

By Mr. KING:

A bill (S. 615) authorizing the Uintah, Uncompahgre, and the White River Bands of the Ute Indians in Utah and Colorado to sue in the Court of Claims; to the Committee on Indian Affairs.

By Mr. HATFIELD:

A bill (S. 616) to authorize the Secretary of War to lend War Department equipment for use at the World Jamboree of the Boy Scouts of America; to the Committee on Military Affairs.

AMENDMENT TO THE FARM RELIEF BILL

Mr. HAYDEN submitted an amendment intended to be proposed by him to Senate bill 1, the farm relief bill, which was ordered to lie on the table and to be printed.

UNVEILING OF STATUE OF ROBERT M. LA FOLLETTE

Mr. WATSON. Mr. President, to-morrow afternoon at 2 o'clock a statue will be unveiled in Statuary Hall in memory of the life, character, and public services of the late Senator Robert M. La Follette. I desire to give notice that at 10 minutes to 2 o'clock to-morrow afternoon I shall make a motion to adjourn in order that all Senators who desire to do so may avail themselves of the opportunity to be present at the exercises.

PRINTING OF PROCEEDINGS AT THE UNVEILING OF STATUES OF HENRY CLAY AND DR. EPHRAIM M'DOWELL

Mr. SACKETT submitted the following concurrent resolution (S. Con. Res. 8), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring). That there be printed and bound, with illustrations, the proceedings in Congress, together with the proceedings at the unveiling in Statuary Hall, upon the acceptance of the statues of Henry Clay and Dr. Ephraim McDowell, presented by the State of Kentucky, 5,000 copies, of which 1,000 shall be for the use of the Senate and 2,500 for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of Kentucky.

SEC. 2. The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer, who shall provide suitable illustrations to be bound with these proceedings.

HEARINGS BEFORE THE INDIAN AFFAIRS COMMITTEE

Mr. FRAZIER submitted the following resolution (S. Res. 39), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, is authorized, during the Seventy-first Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON EDUCATION AND LABOR

Mr. METCALF submitted the following resolution (S. Res. 40), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Education and Labor, or any subcommittee thereof, is authorized, during the Seventy-first Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the

Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON PATENTS

Mr. WATERMAN submitted the following resolution (S. Res. 41), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents, or any subcommittee thereof, be, and hereby is, authorized, during the Seventy-first Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INTERFERENCE WITH SENATOR HEFLIN'S RIGHT OF FREE SPEECH

Mr. HEFLIN. Mr. President, on yesterday I had a resolution pending. The Senator from Florida [Mr. FLETCHER] and the Senator from Utah [Mr. KING] suggested that the same purpose could be accomplished by changing the form of the resolution. After talking with other Senators since yesterday's session I have decided to offer the following modification of the resolution which I now have pending.

The VICE PRESIDENT. Is there objection? The pending business is the farm bill. The clerk will read the modified resolution for the information of the Senate.

The Chief Clerk read as follows:

Resolved, That the Senate has heard with deep regret of the interference with the American right of free speech and peaceful assembly and of the attempted assault upon Senator HEFLIN, of Alabama, at Brockton, Mass., on the night of March 18, 1929, and hereby expresses its condemnation of the conduct of those guilty of the same.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. WATSON. Yes, Mr. President. Do I understand this to be a new resolution?

Mr. HEFLIN. It is in line with the suggestion made by the Senator from Florida and the Senator from Utah on yesterday. The whereases are out. It practically accomplishes the same purpose, which is to get an expression of the Senate.

Mr. WATSON. Because of the fact that the agricultural bill is before us and I am exceedingly anxious, as is the chairman of the committee, to keep it constantly before the Senate until it has been disposed of, I am constrained to object.

Mr. HEFLIN. I want to have a vote on it right now.

The VICE PRESIDENT. The Senator from Indiana objects.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	George	McKellar	Smith
Ashurst	Gillett	McMaster	Smoot
Barkley	Goff	McNary	Steck
Bingham	Goldsborough	Metcalf	Steiwer
Black	Gould	Moses	Swanson
Blaine	Greene	Norbeck	Thomas, Idaho
Blease	Hale	Norris	Thomas, Okla.
Borah	Harris	Nye	Townsend
Bratton	Harrison	Oddie	Trammell
Brookhart	Hatfield	Overman	Tydings
Broussard	Hawes	Patterson	Vandenberg
Burton	Hayden	Phipps	Wagner
Capper	Hebert	Pine	Walcott
Caraway	Hefflin	Pittman	Walsh, Mass.
Connally	Howell	Reed	Walsh, Mont.
Copeland	Johnson	Robinson, Ark.	Warren
Couzens	Jones	Robinson, Ind.	Waterman
Cutting	Kean	Sackett	Watson
Dale	Kendrick	Schall	Wheeler
Dill	Keyes	Sheppard	
Fletcher	King	Shortridge	
Frazier	La Follette	Simmons	

Mr. SCHALL. I wish to announce that my colleague the senior Senator from Minnesota [Mr. SHIPSTEAD] is still ill.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

Mr. NORRIS. Mr. President, I desire to call the attention of the Senate, and particularly those who are friends of the

pending farm bill, to two amendments that I am going to offer later. I ask that they be printed and lie on the table.

The VICE PRESIDENT. Without objection, the amendments will be printed and lie on the table.

Mr. COPELAND. Mr. President, I offer an amendment to the pending farm bill. It is too long to be read at this time. It proposes to strike out the debenture plan and to insert the equalization-fee provision. The language of the amendment is the same that was used in the bill which was passed by the Senate previously and afterwards vetoed by President Coolidge. At some time in the future I hope to discuss the matter.

I present the amendment without prejudice to the debenture plan, but I am satisfied from my conversations that that plan will never be adopted by the Senate. It would be a great pity, in my judgment, to have the farm bill emasculated and ruined by having no plan of carrying on the financial support. So far as I am concerned at this moment, I can see no plan better than the equalization fee which was adopted last year.

The VICE PRESIDENT. The amendment will be received and printed.

Mr. BROOKHART obtained the floor.

Mr. HEFLIN. Mr. President, I understand the opposition to an immediate vote on my resolution has been withdrawn on the other side of the aisle. I have no desire to discuss the resolution. I ask that a vote may be had on it now.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. Mr. President, I would like to have time to read the resolution as modified. Let the Senator from Iowa [Mr. BROOKHART] proceed with his address and then perhaps we can dispose of the resolution.

The VICE PRESIDENT. Before the Senator from Iowa proceeds, the Chair desires to call the attention of Senators to the second paragraph of Rule VII. It is immaterial to the Chair, but under that rule a Senator having the floor for the purpose of addressing the Senate may not be interrupted for the purpose of introducing a bill or any other matter, and it is the duty of the Chair to call attention to that fact. The Senator from Iowa will proceed.

Mr. BROOKHART addressed the Senate. After having spoken with interruptions for two and a half hours—

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HATFIELD in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	George	McKellar	Smith
Ashurst	Gillett	McMaster	Smoot
Barkley	Goff	McNary	Steck
Bingham	Goldsborough	Metcalf	Steiwer
Black	Gould	Moses	Swanson
Blaine	Greene	Norbeck	Thomas, Idaho
Blease	Hale	Norris	Thomas, Okla.
Borah	Harris	Nye	Townsend
Bratton	Harrison	Oddie	Trammell
Brookhart	Hatfield	Overman	Tydings
Broussard	Hawes	Patterson	Vandenberg
Burton	Hayden	Phipps	Wagner
Capper	Hebert	Pine	Walcott
Caraway	Hefflin	Pittman	Walsh, Mass.
Connally	Howell	Reed	Walsh, Mont.
Copeland	Johnson	Robinson, Ark.	Warren
Couzens	Jones	Robinson, Ind.	Waterman
Cutting	Kean	Sackett	Watson
Dale	Kendrick	Schall	Wheeler
Dill	Keyes	Sheppard	
Fletcher	King	Shortridge	
Frazier	La Follette	Simmons	

Mr. SCHALL. I wish to announce that my colleague [Mr. SHIPSTEAD] is ill and confined to his home.

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, there is a quorum present. The Senator from Iowa will proceed.

Mr. BROOKHART resumed and concluded his speech, which is as follows:

Mr. BROOKHART. Mr. President, I desire to discuss the farm bill now pending before the Senate and I desire to answer the question of what the pledges of the Republican Party were in the last campaign to the farmers of the United States, what the pledges of the President were, and whether or not the bill complies with those pledges. In the first place I wish to quote this statement:

Equality of opportunity is the right of every American, rich or poor, foreign or native born, irrespective of faith or color. It is the right of every individual to attain that position in life to which his ability and character entitle him. By its maintenance we will alone hold open the door of opportunity to every new generation, to every boy and girl. It tolerates no privileged classes or castes or groups who would hold opportunity as their prerogative. Only from confidence that this right

will be upheld can flow that unbounded courage and hope which stimulates each individual man and woman to endeavor and to achievement. The sum of their achievement is the gigantic harvest of national progress.

I quote that from the address of acceptance of the President of the United States.

I now hold in my hand a bulletin entitled "Estimated Wealth of the United States," issued by the Department of Commerce when Herbert Hoover was Secretary of that department. The bulletin shows that from 1912 to 1922 the increase of national wealth in the United States was about the rate of 5½ per cent a year. Equality of economic opportunity in the United States meant 5½ per cent a year. If we gave all of our national wealth to capital, and if all the increase went as a return to capital, then equality would be 5½ per cent. Of course, I do not concede that capital is entitled to the entire national wealth increase of the country. I think that labor, invention, genius, and management are entitled to some share in that 5½ per cent.

I now present a bulletin entitled "Economic Conditions, Governmental Finance, United States Securities," published by the National City Bank of New York for April, 1929. On page 61 of that bulletin I find that the corporation earning returns on net worth in the case of agricultural-implement manufacturers were 12.5 per cent, or more than twice the equality of economic opportunity in the United States, giving everything to capital. I find that amusement enterprises earned 12 per cent, about twice; apparel manufacturers earned 12.2 per cent; automobiles earned 27.9 per cent, or five times the average wealth production of the United States. Auto accessories earned 21.5 per cent, and aviation 34.6 per cent.

I will omit reference to industries except the ones especially affecting agriculture. Electrical-equipment industries, in which agriculture is greatly interested, earned 16.6 per cent; flour and bakery industries, 21.2 per cent; food-products concerns, 16.8 per cent; household-equipment manufacturers, 18.2 per cent; leather and shoe manufacturers, 11.3 per cent; merchandising, 16.9 per cent; petroleum, 11.1 per cent; printing and publishing, 23 per cent; tobacco, 13.4 per cent.

I ask, Mr. President, that the entire table on page 61 of this bulletin may be inserted in the Record at this point in my address.

The VICE PRESIDENT. Without objection, it is so ordered. The table is as follows:

Corporation earnings return on net worth

Number	Industry	Net worth Jan. 1, 1928	Net profits 1928	Per cent return 1928
12	Agricultural implements.....	\$479,288,000	\$60,177,000	12.5
17	Amusements.....	471,287,000	52,072,000	11.0
25	Apparel, etc.....	160,820,000	19,658,000	12.2
21	Automobiles.....	1,430,648,000	399,136,000	27.9
45	Auto accessories.....	390,652,000	84,094,000	21.5
5	Aviation.....	14,440,000	5,009,000	34.6
33	Building materials.....	566,661,000	50,212,000	8.8
21	Chemicals, industrial.....	953,502,000	161,649,000	17.0
9	Chemical products, miscellaneous.....	151,161,000	18,452,000	12.2
19	Coal mining.....	530,660,000	10,835,000	2.0
16	Copper mining.....	687,801,000	90,685,000	13.2
26	Cotton mills.....	245,173,000	6,872,000	2.8
17	Drugs and sundries.....	196,990,000	48,128,000	24.5
24	Electrical equipment.....	789,600,000	131,008,000	16.6
16	Flour and bakery.....	354,288,000	75,068,000	21.2
36	Food products, miscellaneous.....	710,462,000	119,723,000	16.8
20	Heating and plumbing.....	341,444,000	37,331,000	10.9
18	Household equipment.....	197,676,000	35,938,000	18.2
41	Iron and steel.....	3,271,743,000	232,035,000	7.1
14	Leather and shoe.....	281,446,000	31,713,000	11.3
9	Lumber and furniture.....	98,459,000	5,029,000	5.1
45	Machinery.....	511,429,000	58,718,000	11.5
9	Meat packers.....	499,001,000	32,826,000	6.6
76	Merchandising.....	1,208,282,000	204,592,000	16.9
27	Metals nonferrous (excluding copper).....	477,812,000	48,411,000	10.1
12	Office equipment.....	154,100,000	24,302,000	15.8
10	Paints and varnishes.....	109,310,000	13,999,000	12.8
13	Paper products.....	132,738,000	10,844,000	8.2
66	Petroleum.....	3,777,426,000	416,956,000	11.1
19	Printing and publishing.....	148,121,000	34,001,000	23.0
17	Railway equipment.....	773,163,000	44,426,000	5.7
19	Rubber.....	613,881,000	2,308,000	0.4
16	Shipping, etc.....	170,286,000	13,134,000	7.7
16	Silk and boiserie.....	85,926,000	7,093,000	8.3
25	Sugar.....	526,345,000	24,234,000	4.6
16	Textile products, miscellaneous.....	225,680,000	21,954,000	9.7
23	Tobacco.....	876,107,000	117,872,000	13.4
4	Wool.....	142,442,000	12,077,000	11.5
43	Miscellaneous.....	616,110,000	73,842,000	12.0
900	Grand total.....	23,372,370,000	2,822,362,000	12.1

¹ Deficit.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield.

Mr. NORRIS. I was called out of the Chamber after the Senator had referred to the bulletin of the Department of Commerce, and I desire to ask, are the figures that he has just now read quoted from that bulletin?

Mr. BROOKHART. The bulletin from which I have just quoted is that of the National City Bank of New York, giving the state of business up to April, 1929. It is right up to date. The other bulletin showing a 5½ per cent annual increase, as estimated, for the national wealth in 1922 is by the Department of Commerce.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. BROOKHART. I yield.

Mr. BARKLEY. Does the item which the Senator from Iowa quoted, showing that tobacco had earned 13.4 per cent, refer to the growers of tobacco or the manufacturers?

Mr. BROOKHART. That item does not include the growers of tobacco, but includes the corporations engaged in the processing and distribution of that commodity. The growers of tobacco received practically no returns for their labor.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from South Carolina?

Mr. BROOKHART. I yield.

Mr. SMITH. In the statistics which the Senator from Iowa quoted from the bulletin of the Department of Commerce, what was the total estimated wealth of the country upon which it was computed that the earning was 5½ per cent?

Mr. BROOKHART. I will give the Senator from South Carolina those figures. I can find them in a moment. In 1922 the total estimated wealth of the country was \$320,803,862,000. In 1912 it was \$186,299,664,000. If we take the figure \$186,299,664,000 and add in each year 5½ per cent, when we reach 1922 we shall get just about \$320,000,000,000.

Mr. SMITH. A large percentage of the raw materials of manufacturing industries being produced on the farm—I am quite curious to know if the table shows the amount of wealth produced by agriculture and the percentage of earnings received by agriculture. Are those figures given separately?

Mr. BROOKHART. That information is in the table, but I would not be able to find the quotation very speedily. However, I can say to the Senator from South Carolina that, in a general way, about 70 per cent of all the raw materials of manufacturing are produced on the farm.

Mr. SMITH. Yes. The Senator from Iowa has read the large returns received on the manufactured articles specifically named by him. The average earning on the wealth of the Nation, as previously quoted by him, being only 5½ per cent, and the earnings of the industries which he quoted from the National City Bank bulletin, representing, perhaps, the major part of what is considered the national wealth of the country, generally being greatly in excess of 5½ per cent, it would appear that if the computation were made, the percentage of that 5½ per cent that would go to agriculture would be below zero; it would be minus rather than plus.

Mr. BROOKHART. I am sure the Senator from South Carolina is correct as to that. I am certain that upon the same method of bookkeeping used by these great companies from which I have quoted, whose average earnings were 12½ per cent, while the national wealth production is stated as being only 5½ per cent, it would be shown that there was no return whatever upon the capital invested in agriculture.

The National Industrial Conference Bureau reports that agriculture earned 1.7 upon its capital investment from 1922 to 1925, but in figuring that 1.7 per cent it made no allowance for agriculture's depreciation, for buildings, fences, work animals, breeding animals, machinery, or soil. It only allowed a farmer and his family for compensation what was actually received from the sale of the farm products, and that has averaged less than \$700 a year every year since 1920.

Mr. President, I have referred to this basis of equality of opportunity; this ideal upon which the Republican Party rested its cause in the last campaign. I have indicated what that equality must necessarily be from the Department of Commerce itself, and I have quoted from the statements of the big business institutions in the country themselves to the effect that they are taking far more than their share of the wealth production in the United States.

I now wish to take the farm problem in comparison. About one-third of the American people are farmers. These farmers

now own less than one-fifth of the property value of the country, and they are getting less than one-tenth of the national income, the national income being about \$90,000,000,000 a year, and the farmers getting less than \$9,000,000,000 for what they sell.

Since the deflation of agriculture in 1920 there are about \$60,000,000,000 of capital investment and about 12,000,000 workers, not counting women and children. This capital and these workers produce a gross value of about \$12,000,000,000, 27 per cent of it remaining on the farm in order to operate the farm. There are about \$40,000,000,000 of capital in manufacturing or nearly two-thirds as much as in agriculture, and there are fewer than 9,000,000 workers, or fewer than three-fourths as many workers as in agriculture. After deducting \$16,000,000,000 for difference in raw materials cost, the smaller amount of capital in manufacturing and the smaller number of workers produce a gross value of about \$44,000,000,000, as against \$12,000,000,000 for agriculture. Since labor got only \$11,000,000,000 in wages, it is only fair to say that high wages were not the cause of this discrimination.

Valued by the same rule as the farms, the railroad investment is less than one-third that of agriculture and the number of workers about one-seventh, but the railroads produce a gross revenue of more than half as much as the farms, and again labor gets only about one-half.

Iowa lands went down in value over two and one-half billion dollars, while railroad stocks went up more than that amount at the same time. Iowa is only typical of the States, and railroad stocks are only typical of the big stocks in general.

One of the arguments we have heard about the farm situation is that the depression was due to speculation. I wish to say that, perhaps, the greatest speculation in the land in any State occurred in Iowa, unless it was in Florida, and yet the highest peak that Iowa land ever reached was \$227 per acre; and when it reached that peak it was several points in the general index below the general price of all commodities. Other commodities were able to maintain practically their high price level, but agriculture declined. The last census, that of 1925, showed Iowa land back to \$149 per acre, and the price has declined very greatly since that date.

Recently brokers' loans have passed the six and one-third billion-dollar mark, or nearly one-third of the bank deposits of the Federal reserve bank members. Since 1920 brokers' loans have scarcely been below \$3,000,000,000. Until the last year this vast reserve of surplus of credit was accumulated on a rate of about 4 per cent, while the farmers of the country were compelled to pay from 6 to 12 per cent in order to produce the food of life itself.

Of course, the argument is made that under the machinery employed for making loans they can not be made at as cheap a rate to farmers because of the greater expense of the agencies employed in making such loans; but I say to you, Mr. President, that these loans come from farmers' deposits and laborers' deposits, and the machinery that takes those deposits can make the loans without increase in cost. So there is no reason why a farmer's loan should be at a higher rate than the rate at which loans are made to other business, except that the discrimination against agriculture has so unsettled farm values and farm prices that they are no longer security for loans.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Florida?

Mr. BROOKHART. I yield.

Mr. FLETCHER. Mr. President, I have seen the statement that the increase in the value of farm lands in Iowa from 1910 to 1920 amounted to some 500 per cent. Does the Senator agree to that?

Mr. BROOKHART. That is not true at all.

Mr. FLETCHER. Then after 1920 came the deflation.

Mr. BROOKHART. Yes; but the value of farm lands in Iowa did not increase over 7 or 8 per cent a year. There was a gradual, steady increase until the war prices caused some farm lands to be sold at a higher figure. Not 5 per cent, however, of Iowa's land was sold during the boom, and there has been a good deal more than 5 per cent of it foreclosed in mortgages since; in fact, several times 5 per cent.

Mr. TYDINGS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. I yield.

Mr. TYDINGS. I should like to call to the Senator's attention the fact that in 1926, 1 out of approximately every 30 farms in South Dakota was sold under mortgage foreclosure or for delinquent taxes. That is according to the statement of the Bureau of Economics, United States Department of Agriculture.

Mr. BROOKHART. If the Senator has looked up the figures, he is probably accurate. I know there were a very large number of foreclosures and can in a general way corroborate that statement.

Mr. TYDINGS. I may have the year wrong, but the figures, I think, are correct.

Mr. BROOKHART. Yes; I believe that, because deflation began in 1920, and the effect of the foreclosures began to appear a year later and has appeared every year since. Iowa is the best agricultural spot in this big, round world; in no other place on this earth is so much produced from the soil as in that State; yet at this moment every sheriff's sale board in its 99 counties is plastered over with notices of foreclosures.

I practiced law for 30 years in Iowa and I hardly knew what a foreclosure of a mortgage was. After my election I came here and turned my business over to my younger brother, and foreclosures and bankruptcies have been the principal business of his office since. That has grown out of this agricultural depression; and with this deflation of Iowa land values and of Iowa farm prices went the destruction of 500 banks in the State of Iowa.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Iowa yield further to the Senator from Maryland?

Mr. BROOKHART. I yield.

Mr. TYDINGS. I think during the same year, 1926, the average figures for the entire country were that 1 out of every 47 farms was sold either under a mortgage foreclosure or for delinquent taxes.

Mr. BROOKHART. I am glad the Senator adds that observation, because Iowa is only typical of the agricultural States in general. I am not using it because there is any special difference in the case of Iowa or Illinois or Ohio or Indiana or North or South Dakota or any of the other agricultural States. They are all on about the same basis in this situation.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from South Carolina?

Mr. BROOKHART. I do.

Mr. SMITH. Does not the Senator think that Iowa is hardly typical? Is it not a little better than the average?

Mr. BROOKHART. Well, I believe that is true. I believe you are hit harder in the Southern States than we are in Iowa.

Mr. SMITH. If the Senator will look up the table, I think he will find that Iowa is in the preferred class rather than the other.

Mr. BROOKHART. But they are all in such bad condition that it is pretty hard to say that any of them are not typical.

Recently the demands of this great speculative bubble in New York have become so great that they have raised the rate of interest to 20 per cent for call money; and that has further increased farm rates even in the Federal land bank itself.

A National City Bank bulletin shows that in 1925 the national banks of the country earned 8.34 per cent on capital, surplus, and undivided profits. The National Industrial Conference Board, as I have already said, showed that from 1920 to 1925 agriculture earned only 1.7 per cent upon its capital investment, without adequate allowance for labor or depreciation. In 1926 the farmers of the United States sold 41,000,000 hogs. In 1928 they sold 48,000,000, or 7,000,000 more. They got \$200,000,000 less for the 48,000,000 hogs than they got two years previously for the 41,000,000 hogs. I take those figures from a report of the Department of Agriculture which I have before me here. This was in spite of the fact that the foreign demand was increasing, that the number of hogs in Denmark had decreased 10 per cent, in the United Kingdom 5 per cent, in Germany 2 per cent, and in the Netherlands 20 per cent; and I say that for a whole generation, under the economic working of this system, the farmers have received less total money for their big crops than they have for their little crops. The public utilities as a whole are earning more than 7 per cent, and the courts are allowing them a rate even higher than that, while agriculture, as we have seen, gets only 1.7 per cent, and that upon unfair bookkeeping.

Massachusetts has 3.69 per cent of the population and produces 3.92 per cent of the national wealth. Therefore the national wealth production of Massachusetts is very close in proportion to its number of people—3.69 per cent of the population and 3.92 per cent of wealth production—but Massachusetts gets 5 per cent of the national income.

New York has 9.83 per cent of the population and produces 9.81 per cent of the wealth. Again, the population and the wealth production in New York State are about even—9.83 per

cent of population against 9.81 per cent of wealth production—but New York gets 14.79 per cent of the national income.

Iowa has 2.27 per cent of the population, produces 3.48 per cent of the wealth, and gets only 1.99 per cent of the national income.

I quote these figures from Secretary Wallace's paper. Again, Iowa is only typical of the agricultural States, and Massachusetts and New York are only typical of the industrial States.

According to the Manufacturers' Record, the deflation policy of the Federal reserve bank reduced agricultural values by \$32,000,000,000. Fourteen billion of that was on the crops of 1920 and 1921 and eighteen billion in land values. At the same time it deflated other business only about \$18,000,000,000; and this means that agriculture was deflated six times as much in proportion as the other business of the country.

Since this contraction of credit and raising of discount rates for that purpose affects all industry you wonder how agriculture could be deflated more in proportion. It was done in this way: The deflation meeting was held on May 18, 1920, and the policy was decided at that time by a resolution approving a speech of Gov. W. P. G. Harding; and secretly they decided also to raise the discount rate and assist in enforcing that deflation. However, the general forcing of the deflation was deferred until October, when they held public meetings throughout the United States. They held four of them in my State, and I read of them as far west as California. At that time the full year's work of the farmer was matured and ready for the market. In October they could deflate him for a whole year's production at one time, and in that way he was deflated in a greater proportion than the general business of the country.

Another reason was that big business knew of this deflation policy. Its bankers were in the deflation meeting, and they immediately went out and gathered up big loans to protect themselves. Armour & Co. went out and got a \$60,000,000 loan right away after that deflation meeting. Swift & Co. went a little later and got a \$50,000,000 loan; and Armour & Co. paid 8 per cent to get that money. They sent their paper into all the banks in the agricultural States everywhere. It came into Iowa. I know one Iowa Congressman, even, who bought \$2,000 of that paper because his bank told him it was a good investment; and it was. They had plenty to back it up; and these were 10-year loans to tide them over this depression that was surely coming. Therefore big business, being advised, was able to protect itself largely against this crash, and the eighteen billions of deflation that fell upon business was principally upon the little business of the country. In fact, the only big business man I know that was not tipped off to this situation was Henry Ford. They had not let him in yet at that time.

Since 1920 farm lands have declined nearly \$20,000,000,000, while in industrial centers real estate has advanced more than that amount. The farmers of the United States receive about \$9,000,000,000 for what they sell and the consumers pay over \$30,000,000,000 for it. Since 1910 farm bankruptcies have increased by more than 1,000 per cent, while commercial bankruptcies remain about the same.

These facts are a statement of the farm problem. They are the statement of the farm problem that I made in 200 speeches in this campaign. Those facts have not been controverted by anybody that I know of. I have checked them with the records in every instance where there is a record of such facts, and I know they are substantially accurate.

These facts demonstrate beyond any question that there exists now no equality of opportunity for agriculture. In the campaign the President, in his address of acceptance, not only spoke of general equality of opportunity but he spoke of equality of opportunity for agriculture, economic equality, in both his speech of acceptance and in the speech at St. Louis, Mo.; and perhaps later I will quote those statements. The Republican platform admitted that there was no equality of opportunity for agriculture and pledged relief from this condition.

Now, I want to read the President's statements and the pledges that were made to the farmers of this country in this campaign.

In his address of acceptance he said:

The most urgent economic problem in our Nation to-day is in agriculture. It must be solved if we are to bring prosperity and contentment to one-third of our people directly and to all our people indirectly. We have pledged ourselves to find a solution.

That speech does not sound to me quite like these statements in the message that came to Congress the other day. He says:

The difficulties of agriculture can not be cured in a day—

The acceptance speech says, "It must be solved." Why have we turned around now and are trying to find a way that it can not be done instead of going ahead with the statement that

"it must be solved," and solving this problem to give this equality to agriculture?—

They can not all be cured by legislation; they can not be cured by the Federal Government alone.

Why do these "nots" and these "can not" appear now? I expected to come into this extra session to find a way to solve this problem, whether it was one problem or a dozen; and I expected that these pledges that "It must be solved" would be kept; and I expected the Congress to do its part in the solution of the problem. I say that Congress, having given these pledges itself, has no right to stand back and say, "We will wait upon the President," or anybody else. Congress has the power to solve this problem and to pass this solution even over a veto, and it owes it to the farmers of this country to do that thing; and it will be accountable to the farmers of this country for its action upon this greatest problem before our people.

Now let us proceed to read from the President's acceptance speech:

In my mind most agricultural discussions go wrong because of two false premises. The first is that agriculture is one industry. It is a dozen distinct industries incapable of the same organization. The second false premise is that rehabilitation will be complete when it has reached a point comparable with pre-war. Agriculture was not upon a satisfactory basis before the war.

That statement is quite as true, absolutely as true, as the statements of discrimination since the war which I have read to the Senate.

The abandoned farms of the Northeast bear their own testimony. Generally there was but little profit in Mid West agriculture for many years except that derived from the slow increases in farm-land values.

That is true. We never got a square deal on farm prices. The only prosperity Iowa ever had was by the gradual, slow advance in her lands, which she got at \$1.25 in the beginning, and one-seventh of those lands, one-seventh of Iowa, went to the railroads, and four and one-half States as big as Iowa in the whole country went to the railroads.

Even of more importance is the great advance in standards of living of all occupations since the war. Some branches of agriculture have greatly recovered, but taken as a whole it is not keeping pace with the onward march in other industries.

Then he said:

There are many causes for failure of agriculture to win its full share of national prosperity. The after-war deflation of prices not only brought great direct losses to the farmer but he was often left indebted in inflated dollars to be paid in deflated dollars.

I think that is the great cause of the farmer's trouble. I have attributed 65 per cent of all the cause of his trouble to that deflation policy, coupled with the high interest rate the present credit discrimination inflicts upon agriculture.

Prices are often demoralized through gluts in our markets during the harvest season. Local taxes have been increased to provide the improved roads and schools.

Of course, we can not treat that question here.

The tariff on some products is proving inadequate to protect him from imports from abroad. The increases in transportation rates since the war have greatly affected the price which he receives for his products.

With that statement on the transportation-rates question, I find another contrast in the President's message of a few days ago. Instead of the statement I have just read, he said:

Railway rates have necessarily increased—

So that part of the problem of transportation, in so far as it relates to railroads of the United States, is settled and solved in one sentence in this message, I might say in one word:

Railway rates have necessarily increased—

Mr. FRAZIER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Dakota?

Mr. BROOKHART. I yield.

Mr. FRAZIER. I would like to have the Senator explain how those rates of the railroads have been increased, by what authority and by the action of what body of the Government.

Mr. BROOKHART. The Senator has raised the question of the Esch-Cummins railroad law, and I expect to discuss that. Perhaps I might as well mention it now, since the question is part of farm relief.

We hear a good deal about putting the Government in business. I will have some more to say at another time as to

that. We put the Government in business for the railroads. By authority of law we directed the Interstate Commerce Commission to establish a value of the railroads as a basis for making rates. In 1920 they fixed that value, and they fixed it at \$18,900,000,000.

At the moment that value was fixed, at almost \$19,000,000,000, the market value of the same railroads in the stock market was about eleven and three-fourths billions. In other words, at that time you could have gone into the market and bought the whole outfit of railroads in the United States by buying their stocks and bonds, every dollar of property that belonged to every railroad in the United States, for about eleven and three-quarter billion dollars. But the Government got into business for the railroads and through its board, the Interstate Commerce Commission, it fixed the value of the railroads at almost \$19,000,000,000. In other words, it legalized about \$7,000,000,000 of water in the valuation of the railroads.

It did not stop there—and it was not the fault of the commission; it was the fault of the law. The law then directed the commission to fix a return upon that value. They first fixed it at 6 per cent, and then 5½ per cent, upon all the value, water and all, and every year the roads have collected from the people of the United States, in round figures, about \$400,000,000 through those excess rates. The farmers have paid a large proportion of that, because agriculture is the only industry that pays the freight both ways. When the farmer sells his product the freight to the market is taken out of the price he gets, and when he buys a manufactured product which he needs the freight is added to the cost of production.

That is only one item in this railroad situation. The law gave to the railroads this 5½ per cent when the American people as a whole were producing only 5½ per cent. The roads are arguing before the Supreme Court now in an effort to raise the valuation ten or twelve billion dollars more. That is only one item, as I have said, in the railroad situation.

There is the waste of competition in the operation of the railroads, all unnecessary. That is admitted. Edward Dudley Kenna admitted in his book, published more than 10 years ago, when he was vice president of the Santa Fe Railroad, that the waste amounted to \$400,000,000 a year. Collis P. Huntington said in his day that it amounted to more than \$100,000,000 a year in New York City alone.

That goes into operating expenses, because the law provides that all operating expenses shall be paid, and that includes taxes, it includes all the salaries of the big officers, all of the wages, and all such expenses, and then, over and above that, they get this 5½ per cent. So this waste of competition, which they themselves admit is very great, goes into the operating expenses and is paid by the people of the country in higher rates.

Then there are the excess profits of the subsidiary companies of the railroads. Nearly everything the railroads buy is furnished to them by some company organized by the same big men who control the railroads. When they come to sell those products to themselves they do not sell them at the lowest price at which they can afford to sell such articles to the railroads. They sell them at the highest price they can collect under the guarantee provision of the transportation act.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. FLETCHER. The Senator has not mentioned the express companies. What does he think would happen if the express companies were turned over to the railroads?

Mr. BROOKHART. The express companies are big grafters on the railroads. They are taking an excess profit. They are one of the subsidiaries, I would say, of the railroads. They are in the class I have just mentioned. Telegraph companies are another.

The association of manufacturers of railroad supplies furnish the big item, and they have a monopoly in that business, they fix the price in that way, and it amounts to two or three hundred million dollars a year in excess charges over this 5½ per cent, which ought to be the limit of their earnings.

Another item that is constantly putting a burden upon us in railroad rates is the capitalization of the unearned increment. It is said a farmer gets an advance in his farm, although there has been a decline since 1920, therefore a railroad ought to get an advance in its property, and that sounds like a reasonable argument. The only trouble about it is this: A different law surrounds a public utility from what surrounds private business. A railroad is not a private business; it is a public utility. It is naturally so. It is so held by all the courts and all the commissions. The railroads have always had a guaranty in the law. It has always been the law that they were entitled to a reasonable return on their prudent investments. The figure I have given is the lowest figure the law has ever prescribed.

Has the farmer any such guaranty of a return upon his investments? Has any private business any such guaranty? Who is it that gives that guaranty to the railroads of this return? It is the public; it is the whole people. Who is it that creates this unearned increment of property value? It is the public; it is the whole people. That advance is created by all the people.

That being true, I say it is unjust that the people who must guarantee a return upon the prudent investments of the railroads should also be compelled to allow them to add to that investment the unearned increment which those same people create and then charge the people higher rates to get a return upon that speculation. That amounts to two or three hundred million dollars a year in excess charges.

When you add all these big items together you have twelve or thirteen hundred million dollars a year in the capitalization of the railroads and their mismanagement by private ownership and operation. You have twelve or thirteen hundred million dollars there that ought to be used in the reduction of rates and that would put the farmer's rates down below the pre-war level.

There is another little item in the railroad law that we will have a good deal to say about. These are not all the guaranties the law provided. There was another one. For the first six months after the roads were turned back the law guaranteed their war-time profits, and, having received that guarantee out of the Treasury of the United States, that subsidy, which, from his message, the President seems to be so afraid of, they proceeded to manage things so that there would be a deficit. They wanted a deficit, having the guarantee, and they increased the operating expenses by \$1,485,000,000. They say about \$600,000,000 of that was for labor. The labor people concede about \$450,000,000. But, taking their own figure, \$600,000,000, how about the other \$900,000,000 that went in under the head of every kind of graft known to the science and art of graft? They created a deficit, and we wrote checks on the Treasury of the United States for \$529,000,000 to pay that deficit, and the last letter I had from the Interstate Commerce Commission showed that we still owed the railroads \$250,000 yet. I put that letter in the RECORD in the former debate upon the farm problem. I think that answers the Senator's question.

Yet, in spite of all these great issues, in spite of this absolute necessity of reducing railroad rates, the President says the railroad rates have necessarily increased. He did not say that in his address of acceptance. He said that they had increased, but he did not say necessarily so. Neither did he say so at any time in any of his addresses during the campaign. I therefore want to protest against the settlement of the railroad question in one mere sentence. That seems to be easy while the farm problem is so very difficult.

Again, in his speech of acceptance, he said:

Over 6,000,000 farmers in times of surplus engage in destructive competition with one another in the sale of their products, often depressing prices below those levels that could be maintained.

And that is certainly very, very true.

The whole tendency of our civilization during the last 50 years has been toward an increase in the size of the units of production in order to secure lower costs and a more orderly adjustment of the flow of commodities to the demand. But the organization of agriculture into larger units must not be by enlarged farms. The farmer has shown he can increase the skill of his industry without large operations. He is to-day producing 20 per cent more than eight years ago with about the same acreage and personnel. Farming is and must continue to be an individualistic business of small units and independent ownership.

And no statements of the President during his campaign made a stronger appeal to the farmer than that statement—

The farm is more than a business; it is a state of living. We do not wish it converted into a mass-production machine. Therefore if the farmers' position is to be improved by larger operations it must be done not on the farm but in the field of distribution.

Agriculture has practically advanced in this direction through co-operative and pools. But the traditional cooperative is often not a complete solution.

The President there stated affirmatively that the cooperative alone was not the solution for this problem, and yet in his message the other day there is no method pointed out for a solution of the problem except making loans to cooperatives that are not a solution. That is certainly inconsistent with the speech:

Differences of opinion as to both causes and remedy have retarded the completion of a constructive program of relief. It is our plain duty to search out the common ground on which we may mobilize

the sound forces of agricultural reconstruction. Our platform lays a solid basis upon which we can build. It offers an affirmative program.

An adequate tariff is the foundation of farm relief. Our consumers increase faster than our producers. The domestic market must be protected. Foreign products raised under lower standards of living are to-day competing in our home markets. I would use my office and influence to give the farmer the full benefit of our historic tariff policy—

"The full benefit of our tariff policy"—and the committee has brought in a bill here which only gives the farmer one-half the benefit. I think the committee needs something done to it for that. I think the farmer ought to have all the tariff, even though the President is now against giving him any benefit of the tariff—

A large portion of the spread between what the farmer receives for his products and what the ultimate consumer pays is due to increased transportation charges. Increase in railway rates has been one of the penalties of the war. These increases have been added to the cost of the farmer of reaching seaboard and foreign markets and result therefore in reduction of his prices.

The war being over, I am ready to remove the penalties of increased railroad rates.

The farmers of foreign countries have thus been indirectly aided in their competition with the American farmer. Nature has endowed us with a great system of inland waterways. Their modernization will comprise a most substantial contribution to Mid West farm relief and to the development of 20 of our interior States. This modernization includes not only the great Mississippi system, with its joining of the Great Lakes and of the heart of Mid West agriculture to the Gulf, but also a shipway from the Great Lakes to the Atlantic. These improvements would mean so large an increment in farmers' prices as to warrant their construction many times over. There is no more vital method of farm relief.

I think the President of the United States is most faithfully and energetically keeping that pledge made to the farmers. I wish he were keeping all of them as faithfully as that one.

Then he said:

But we must not stop here.

An outstanding proposal of the party program is the whole-hearted pledge to undertake the reorganization of the marketing system upon sounder and more economical lines. We have already contributed greatly to this purpose by the acts supporting farm cooperatives, the regulation of stockyards, public exchanges, and the expansion of the Department of Agriculture.

I want to say all those things have not been good. The intermediate credit bank is of very doubtful value. All of them put together have resulted in the gigantic discrimination which I pointed out to you in the beginning of this discussion.

The President said further:

The platform proposes to go much further. It pledges the creation of a Federal farm loan board of representative farmers to be clothed with authority and resources with which not only to still further aid farmers' cooperatives and pools and to assist generally in the solution of farm problems, but especially to build up with Federal finance farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from the depressions and demoralization of seasonal gluts and periodical surpluses.

I would like to ask the Senator from Oregon [Mr. McNARY] if his bill provides any method for Federal finance furnishing capital in these stabilizing organizations?

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. WATERMAN in the chair). Does the Senator from Iowa yield to the Senator from Oregon?

Mr. BROOKHART. Certainly.

Mr. McNARY. As I said yesterday and repeated in the report which was filed and is now on the desks of Senators, all the capital of the stabilization organizations will be advanced by the Federal farm loan board as Federal funds.

Mr. BROOKHART. How? As subscriptions or as loans?

Mr. McNARY. In the marketing. The Senator will recall from reading the bill that the stabilizing corporation has two functions to perform. One is marketing, and the money is loaned by the acquirement of stock of the stabilization corporation to aid in marketing.

Mr. BROOKHART. The Government acquires the stock or buys the stock and runs the chance of loss on it?

Mr. McNARY. In the market. On the question of acquiring the surplus, it is a loan direct from the board to the stabilization corporation, and that is true of the other function of the stabilization corporation, one being to stabilize the price by taking the surplus off the market, and the other to aid in marketing through a marketing agency.

Mr. BROOKHART. I misunderstood the Senator's explanation of that yesterday. He said, as I understood him, that both the marketing and the stabilization corporations would be supported by loans from the board.

Mr. McNARY. I do not recall on that particular point whether I discussed the difference between the two functions or not, but they practically amount to the same thing. If the Government uses its funds to acquire stock in the marketing agency—

Mr. BROOKHART. Does the Government buy the stock itself?

Mr. McNARY. The Government buys the stock itself and sells it back to the cooperative when they have a sufficient reserve fund. That is an amendment proposed by the Farmers' Union, so the reserve fund would permit the operation of the stabilization corporation for marketing purposes without Government aid, so it would be practically a 100 per cent farm control.

Mr. BROOKHART. The Government will only buy then what it can sell back?

Mr. McNARY. There is no condition of that kind. If the reserve fund is sufficiently large, as controlled by the cooperatives, to buy back the stock, it becomes 100 per cent cooperatively owned. If the cooperatives do not want to buy the stock back, the Government still holds the stock in the Government with Government funds.

Mr. BROOKHART. What does the corporation do while the Government holds the stock?

Mr. McNARY. The corporation is functioning in the field of selling the products of its members for the purpose of increasing their bargaining power, effecting various economies, and finally making it possible—

Mr. BROOKHART. It can not buy or sell farm products?

Mr. McNARY. The stabilization organization can sell its members' products and under the Capper-Tincher Act can deal with 50 per cent of nonmember stock.

Mr. BROOKHART. Suppose we had a surplus of 5,000,000 bales of cotton, could the stabilization cooperatives under the bill buy up and hold that cotton?

Mr. McNARY. Indeed, they could. I have explained to the Senator that there is a dual function of the stabilization corporation. One is to assist in the marketing of the products of the members of the cooperatives—marketing of all the commodities they produce. The other function is to go into the market when there is a surplus, in the opinion of the board, and take it off and, through the processes of orderly marketing, stabilize the price.

Mr. BROOKHART. Will the Senator refer me to the section of the bill?

Mr. McNARY. One comes under loans and the other under the head of stabilization corporation.

Mr. SHORTRIDGE. Mr. President, will the Senator permit me?

Mr. BROOKHART. Certainly.

Mr. SHORTRIDGE. May I ask the chairman of the committee who determines that there is at a given time a surplus in respect of a given commodity?

Mr. McNARY. That is determined by the board itself as one of the positive acts it may take at the time. It is to observe if there is a surplus or the possibility of a surplus. Its judgment is supplemented by that of the advisory council. Hence, if a surplus is found which is depressing or apt to depress the market, the stabilization corporation can step in and take the surplus and store it and hold it until such time that it can be sold to the best advantage of the stabilization corporation and the cooperative corporation and the farmers and producers generally and, as my distinguished friend from New York, Mr. COPELAND, says, be fed out as it is needed.

Mr. SHORTRIDGE. To whom?

Mr. McNARY. To the public.

Mr. BROOKHART. To the people who need it.

Mr. SHORTRIDGE. To the markets of the world or to the local market?

Mr. McNARY. Either.

Mr. BROOKHART. This is an exceedingly important proposition we have, and this explanation is not the way I understood it yesterday. I think it is very important that we find out exactly about it. Does the Government take all the stock in the stabilization corporation?

Mr. McNARY. It does not necessarily take all, but whatever money it advances for the purpose of marketing it takes in stock. That is for the marketing agency. As to the stabilization corporation, instead of loaning it money, it acquires its stock. The original plan was to loan money to the stabilization corporation for that purpose. The Farmers' Union thought that by using 75 per cent of what they call the merchandising reserve fund, 25 per cent to be given back in dividends to the

stockholders, ultimately the cooperative organization would acquire sufficient funds in reserve so they could return the money to the Government, own all the stock in the corporation, and be independent of the Government in the transaction of merchandising business.

Mr. BROOKHART. That is the true cooperative theory so far as that is concerned.

Mr. McNARY. That is true.

Mr. BROOKHART. But that means that the stabilization corporation is going to use its \$500,000,000 to buy and hold farm products. Is that what it means?

Mr. McNARY. No; it is limited to \$375,000,000 for that purpose.

Mr. BROOKHART. How does the Senator get around that? His bill is going to be vetoed, it seems to me, because the message says:

We must not undermine initiative. There should be no fee or tax imposed upon the farmer. No governmental agency should engage in the buying and selling and price fixing of products, for such courses can lead only to bureaucracy and domination.

How does the Senator get past that? I understood his bill to be in line with that statement in the message of the President, and I have based my argument on that theory.

Mr. McNARY. Mr. President, I can not forecast the attitude of the President, of course. I think, without the debenture plan, the bill as proposed here will meet with the full accord of the President. I have no doubt of it. If the Senator from Iowa has any closer contact with the President than has the chairman of the committee, he may entertain a different view. I have expressed mine.

Mr. BROOKHART. I had a very close contact with the President's campaign, but I do not seem to have much contact with this proposition. This is the most important provision in the bill. If the bill actually permits the organization of a stabilizing corporation, with the Government owning the stock, and permits that corporation to buy and sell farm products, then, if enough money were provided, I would have no objection to this bill, but \$375,000,000 is not sufficient. This export proposition involves \$2,000,000,000 a year or thereabouts. Three hundred and seventy-five million dollars will not handle it. The amount provided ought to be a billion and a half dollars, or perhaps more. There will not be many occasions when we shall have to buy so much of an agricultural product in order to stabilize the price, but there will be such times probably. A few years ago there was a big surplus in cotton production. Three years of surplus of cotton was piled up, one on top of the other. I have forgotten the number of bales, but the surplus was 8,000,000 or 9,000,000, as I recall. If this institution had then been in operation, it would have required \$500,000,000 to buy and to hold the surplus of cotton alone. It could have bought the cotton at 23 or 25 cents a pound at that time, while the farmers got only 10 or 12 cents. By the present time all that cotton would have been disposed of and no dollar of loss would have occurred. It was just a question of holding the cotton, because we would have owned 65 per cent of the exportable cotton of the whole world, and there would be no place else to get that 65 per cent of the world's demand. Anybody who owns and has paid for 65 per cent of the world's market demand is in substantial control of that market; he is in position to get his asking price; and, if he is not too avaricious, so as to drive the purchasers to substitutes, he will get his price. I have also talked to many who are interested in the cotton business from New York and they have all stated that if that had been done three years ago the cotton farmers could have obtained from 23 to 25 cents a pound for cotton, which would have been enough to pay for the cost of production and a reasonable return, and no dollar of loss would have been suffered by the holding corporation. But what could we have done with a \$375,000,000 fund? The time may come perhaps when we ought to buy—

Mr. COPELAND. Mr. President, will the Senator from Iowa yield to me?

Mr. BROOKHART. Yes; I yield.

Mr. COPELAND. Mr. President, suppose we should have five or six bumper crops, one after the other, under the plan the Senator from Iowa is discussing.

Mr. BROOKHART. The best answer I have to that question of the Senator is that we never yet have had them; that has never happened.

Mr. COPELAND. Still it is entirely conceivable that it might happen, is it not?

Mr. BROOKHART. If the Providence which rules us were willing, it might happen, but up to date it has not been willing.

Mr. COPELAND. Then, would we not be trusting to Providence rather than to the measure enacted by Congress?

Mr. BROOKHART. Has the Senator from New York no confidence in Providence?

Mr. COPELAND. Yes, I have; but the Senator knows that God will not do anything for a man that he can do for himself; so we perhaps ought not to trust to Providence; but yet, after all, here we are seeking to find a way to solve this problem.

Mr. BROOKHART. I think Providence always does more for a man than he does for himself. I do not agree with the conclusion of the Senator from New York. I think it is the devil that will not do for you anything you will not do for yourself. That is the spirit of evil and not of good.

Now, about the amount of capital necessary to be provided by the bill. I have here a copy of the wheat corporation law of 1919. That act was based upon the promise of President Wilson that the farmers should have the same price for their 1919 crop of wheat that they had received for their 1918 crop of wheat. On the 4th day of March, 1919, the last day of the session, Congress created this new wheat corporation. It did it at the request of Mr. Hoover, who was then serving under the appointment of President Wilson. That act provided:

SEC. 8. That for carrying out the aforesaid guaranties and otherwise for the purpose of this act, there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to be available during the time this act is in effect, the sum of \$1,000,000,000, of which not to exceed \$3,000,000 may be used for such administrative expenses, including the payment of such rent—

And so forth.

When the Democratic administration and Mr. Hoover serving under it in charge of this wheat proposition were willing to demand and get a round billion dollars for wheat alone, why do we talk about \$375,000,000 to relieve agriculture? Of course, there were some minor grains covered by the bill to which I have referred, but mainly it related to wheat. The Grain Corporation used about \$300,000,000 of the amount available. They bought 138,000,000 bushels, as I recall—and I have the report of the Wheat Corporation here—and the minimum price was \$2.26 a bushel at Chicago. In 1917 and 1918 the Wheat Corporation used \$500,000,000 of capital to protect the price given to wheat by the promise of the President and by the agricultural board. The capital authorized to the first wheat corporation was \$150,000,000, but that corporation was allowed to borrow money, and they borrowed about \$350,000,000, making a little over \$500,000,000 which they actually used. Yet, if the Senator from Oregon is correct in his construction of the bill, here we are now talking about handling all of the agricultural surplus of the United States—a \$2,000,000,000 proposition—with \$375,000,000.

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. BROOKHART. I yield.

Mr. McNARY. The whole amount allowed is \$500,000,000, \$375,000,000 being the part allotted for the purpose of loaning to the stabilization corporation for taking care of the surplus.

Mr. BROOKHART. The Senator has again said "for the purpose of loaning," and that is the way I have understood his bill all the time. It is for the purpose of loaning.

Mr. McNARY. Perhaps because of my inability properly to express myself I have not made my meaning clear to the Senator. I told him this morning, and I said yesterday, there are two functions of the stabilization corporation. We are now discussing the amount of money that might be used for the purpose of acquiring a surplus and storing it. That sum is \$375,000,000. For the purposes of marketing and creating a merchandising reserve \$25,000,000 is available. The total being \$500,000,000 authorized under the bill that may be used for the benefit of agriculture, with \$500,000 for administrative purposes.

Mr. BROOKHART. I am familiar with those points. The only proposition in which I am interested is how the \$375,000,000 gets out of the United States Treasury and into this marketing business. That is where I am in the fog in considering the Senator's bill.

Mr. McNARY. Mr. President, I will attempt to again make it plain to the Senator. The stabilization corporation can use \$25,000,000 for the purpose of merchandising or marketing the products of cooperative associations who are members of the stabilization corporation.

That money goes to the stabilization corporation from the Federal farm board to acquire stock. From the sale of that stock the Federal farm board would get the money for the purpose of marketing the products of cooperative associations.

Mr. BROOKHART. I see; it is a little \$25,000,000 revolving fund.

Mr. McNARY. It is for the purpose of encouraging cooperatives to market their products with the aid of the reserve fund known as the merchandising reserve fund with the idea even-

tually of permitting the cooperatives to proceed through a stabilization corporation without relying upon Government interference or assistance.

If the Senator will pardon me further, I should like to make this clear.

Mr. BROOKHART. That is the way I have understood it all along.

Mr. McNARY. Then, let us have a further understanding. There are \$375,000,000 allotted for another purpose. After a survey and investigation, if the farm board finds a surplus over and above the requirements for orderly marketing or domestic consumption, the Federal farm board may loan to a stabilization corporation \$375,000,000 for one purpose only, namely, for purchasing and storing the surplus.

Mr. BROOKHART. It is all perfectly clear to me now, and that is the way I have understood it all the time. I certainly did not make myself clear to the Senator at first in the questions I asked.

Mr. McNARY. I beg the Senator's pardon. Perhaps there was some confusion between us, but we seem now to be quite in accord.

Mr. BROOKHART. We have got it ironed out now. That means, then, that in this whole matter the only risk the Government takes on these funds, outside of the risk of a money lender, is the risk on buying this twenty-five or fifty million dollars of stock, whichever it is. It might not sell that stock again. So far as buying and selling or holding farm products to stabilize their prices is concerned, the Government assumes no liability under this clause.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa further yield to the Senator from Oregon?

Mr. BROOKHART. I do.

Mr. McNARY. The purpose of the bill and the particular direction of the language is that the Federal farm board shall loan this money upon security that probably, under good management, will return the money to the Government.

Mr. BROOKHART. Yes.

Mr. McNARY. I want to say, in fairness to the Senator, that I can conceive this way in which the revolving fund might be depleted: It is possible that the Federal farm board would loan to the stabilization corporations and take stored wheat as security in an amount, let us say, equal to \$1.25 a bushel, and on account of world conditions of increased production that wheat might fall to 85 cents a bushel. That loss would bring about a depletion or diminution of the fund, so that the Government runs that chance.

Mr. BROOKHART. That is because the security is not good for the loan.

Mr. McNARY. That is it exactly.

Mr. BROOKHART. The Government goes into this game, then, not as it went into the railroad game under the railroad law, but it is in as a Shylock. It is in to lend money and get good security, so that it will get its money back. When it came to the railroads, under the railroad law the Government guaranteed the war-time profits for six months. It was written right into the law; and then I have already told you how the railroads increased their operating expenses by a billion and a half of dollars and made a deficit, and how we wrote checks for \$529,000,000 to pay that deficit; and yet now in solving this great farm problem we are to be content with \$500,000,000, and only about \$25,000,000 of that—if that is the correct figure—is available for stock subscription and the balance is available only for loans.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa further yield to the Senator from Oregon?

Mr. BROOKHART. I yield.

Mr. McNARY. The Senator from Iowa may be right in claiming that the capital is not sufficient, but I want to call his attention to this statement: Mr. Hyde, the Secretary of Agriculture, appeared before the committee and stated that \$300,000,000 would be ample because of the fact that Congress convenes again in December, and probably this sum will be sufficient until that time.

Mr. BROOKHART. There is a whole crop to be produced and largely marketed between this time and December. We will need as much money, perhaps, if conditions so exist, as we will ever need in this corporation before Congress meets again, and we will need all the capital we will ever need. It ought to be a billion dollars at least at this time to take care of the 1929 crop, and that is why this extra session of Congress was called.

Now, let us see:

Under this scheme, if the loans are made, and if the Government proves to be a good and efficient Shylock and gets its

money back on its loans, there will be no loss whatever to the Government. This is all provided for; but in the speech of acceptance here is what President Hoover said:

Objection has been made that this program, as laid down by the party platform, may require that several hundred millions of dollars of capital be advanced by the Federal Government without obligation upon the individual farmer. With that objection I have little patience. A nation which is spending ninety billions a year can well afford an expenditure of a few hundred millions for a workable program that will give to one-third of its population their fair share of the Nation's prosperity.

Mr. McNARY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. BROOKHART. I do.

Mr. McNARY. Does the Senator think that \$500,000,000 is "a few hundred millions," using the words of the President?

Mr. BROOKHART. But the Senator has just explained to me that there will be nothing of that expended if we are good Shylock operators.

Mr. KING. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. BROOKHART. I yield.

Mr. KING. Does the Senator contend that President Hoover or any other person who has the welfare of our country at heart has indorsed the proposition by the terms of which the Federal Treasury is to be called upon to advance the farmers or anybody else \$100,000,000 or any amount without security and without return, treating it as a mere gratuity or as a gift?

If I understand this measure, it contemplates that the amount advanced shall be treated as a loan, and return shall be made to the Government in time. It is not intended that this is a gratuity that we are to give to the farmers; and I do not believe the farmers want as a gratuity any sum wrung from the taxpayers of the United States under our Federal taxing system. If I now understand the Senator, he is advocating a gratuity and is complaining against this bill because it is not an outright gift, and also is complaining because the gift is not large enough.

If that is the position of the Senator, I feel sure he will find no sympathy among the agriculturists of the United States. They are not here upon bended knees asking the Government of the United States to give them a lot of money. They are merely asking for increased facilities to aid them to bring about cooperation and to bring about orderly marketing of their surplus products.

Mr. BROOKHART. Was the Senator from Utah here when the transportation act was passed?

Mr. KING. I was.

Mr. BROOKHART. Did the Senator vote for it?

Mr. KING. Does the Senator refer to the Cummins bill?

Mr. BROOKHART. Yes.

Mr. KING. I voted against it.

Mr. BROOKHART. Then the Senator voted the same way that he is talking now.

Mr. KING. I hope I am consistent. I wish I could say that of everybody else.

Mr. BROOKHART. That bill guaranteed the war-time profits of the railroads for six months after they were turned back right out of the Treasury of the United States; and they incurred a deficit—I have explained that—by increasing their operating expenses \$1,485,000,000, and we wrote checks on the Treasury for \$529,000,000. Now, the Republican platform, the President, the Democratic platform—everybody who talked about this proposition—has promised the farmers equal opportunity with the railroads.

Mr. KING. Mr. President, will the Senator yield further?

Mr. BROOKHART. I yield.

Mr. KING. I have listened with interest and profit upon a number of occasions to the able Senator from Iowa, and to his explanation of the act to which he has referred and which I voted against; but I have said heretofore, I think—if not, I shall take the liberty in the time of the Senator to say it now—that the Senator, I think, misconceives the situation. When we are in war a different fiscal and national policy is presented from that which confronts us in times of peace.

The Government may exercise in time of war power and authority which is denied to it in peace times. It took away from the railroads, as a war measure, their property. It took control of it. No one denied that the Government had the right to take the property, either to expropriate it absolutely or to expropriate the use of it, in the latter case for a limited period of time; but if it expropriates the corpus of the property or expropriates the usufruct of the property, under the Constitution it must pay for it.

Mr. BROOKHART. Mr. President, I hope the Senator will pause there. I am not talking about that phase of this matter at all. The Government paid for all the damage it did to the railroads, and it paid many hundred million dollars more than the damage it did. It turned back the railroads in better condition than it received them, as a whole. That was not true of every individual road, but as a whole they were considerably better. They were overmaintained by the Government. They then came in for a billion or so dollars of extra damages, and compromises were made with them, and they were given two or three hundred million dollars more. They were paid their damages two or three times over; but in addition to all of those things something else was done in this railroad law, and that is they were guaranteed their war-time profits for six months after the railroads were turned back; and as soon as they got that guaranty they went out and boosted their operating expenses. They went up \$1,485,000,000 that year on their own reports, and that made this deficit; and then we paid that subsidy to them out of the Treasury of the United States.

If the Senator voted against that bill, he is not to blame; but the Senators who are opposing giving the farmers an adequate fund and opposing the Government paying any part of the expenses of this corporation did vote that bonus, that subsidy, to the railroads.

Mr. KING. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Iowa further yield to the Senator from Utah?

Mr. BROOKHART. I do.

Mr. KING. I do not care to enter into a discussion with my able friend as to whether there was a maladministration of the railroads following the war or as to whether that act was wise or unwise. I did not vote for it because it contained provisions which I did not regard as proper. But let us concede, for the sake of the argument, that the Government enacted a measure which was unjust and committed authority to its representatives to make adjustments along rational and just lines, and those designated by the Government to represent it in the transaction betrayed the Government, or through negligence or inefficiency failed to protect the American people and the taxpayers and overpaid the amount which was due the railroads. It seems to me that this is rather a late date to challenge that, because the settlements were made. It is not a parallel case, and no reference should be made to that as a basis for any arguments now in favor of this measure or against this measure.

The cases are entirely different. We went into the war. When we went into the war we spent millions and billions for ships, most of which we have not used. We spent millions in taking over the railroads and in operating them. Those were war measures; and in times of war, unfortunately, in republics as well as in monarchies, there is waste, inefficiency, and extravagance.

I only need to call the Senator's attention to the little war that we conducted in Cuba, to the complaints which were made by Colonel Roosevelt and other representative Republicans of the inefficiency and waste and extravagance that characterized our limited operations there. I happened to be, as a young man, at that time in Congress, and I called attention to the waste and extravagance; but those are concomitants of war, whether conducted by republics, by the purest men that ever held executive positions, or whether conducted by monarchies.

Mr. BROOKHART. I must ask the Senator to pause. I want to answer his speech in sections.

Mr. KING. All right. I will not trespass any further on the Senator's time.

Mr. BROOKHART. There was no war when the railroad law was passed. The war had been over for considerably more than a year. It was a peace-time measure. We say it grew out of the war. Something grew out of the war in reference to the farmers, too. President Wilson guaranteed their price of wheat for 1919. I have just read the appropriation of a billion dollars given to Mr. Hoover to maintain that price. He maintained it.

He is the most efficient administrator we have ever had in this country. He maintained that price, and not only maintained it, but turned \$59,000,000 profits back into the Treasury, and it is tucked away right there now. It belongs to the farmers of the United States. This bill does not even give them back their \$59,000,000.

Not only that, but the Government of the United States, following the war, through the Federal Reserve Board, instituted a deflation policy, and I have already quoted statements showing how it deflated the farmers six times as much as other business.

Mr. TYDINGS. Mr. President—

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The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. I yield.

Mr. TYDINGS. As I understand the Senator's position, he wants the farmers treated the same as the railroads were treated.

Mr. BROOKHART. Yes; and as some other folks were treated whom I am going to mention in a moment.

Mr. TYDINGS. As I understand the Senator's position, he thinks that it was wrong for the Government to treat the railroads as they were treated. Is that right?

Mr. BROOKHART. And there is no way to right it except to treat everybody else the same way.

Mr. TYDINGS. Then the Senator is working under the logic that if you make one mistake, the way to correct that mistake is to make another one exactly like it. Is not that true?

Mr. BROOKHART. That is not my logic of it, and I think I will make it pretty clear. Does the Senator agree with the proposition made by the junior Senator from Arkansas [Mr. CARAWAY] on yesterday, that the tariff has put a bonus or a subsidy of \$4,000,000,000 on the people of this country, paid to the protected manufacturers through higher prices?

Mr. TYDINGS. Not to get off the subject—

Mr. BROOKHART. I would like to ask the Senator now if he agrees to that proposition.

Mr. TYDINGS. I will ask the Senator to restate his question.

Mr. BROOKHART. The junior Senator from Arkansas [Mr. CARAWAY] said yesterday that Congress had voted a subsidy to the protected manufacturers, paid by the people of the country in higher prices, to the amount of about \$4,000,000,000. He quoted some authority for that estimate. Does the Senator agree with that?

Mr. TYDINGS. No. Does that answer the Senator's question?

Mr. BROOKHART. In part; yes.

Mr. TYDINGS. I do not know what more I can say except to say "No." I did not qualify my answer.

Mr. BROOKHART. Again, the Government went into business a little while ago, put about \$50,000,000 in ships, building new ships and reconditioning old ones, and then sold them to private parties for about \$16,000,000. The Government has gone into business for everybody else, and those things have put the farmer in the condition in which he is to-day. It is governmental action through the tariff; it is governmental action affecting railroad transportation, and in the matter of credits through the Federal reserve system and the national banking system. Those discriminations are the causes of the farmer's trouble, and the Government, having done that by law and by these acts, owes it to the farmers to relieve them from that situation.

Mr. TYDINGS. But the Senator is arguing that it is wrong for the Government to do this for the railroads; that it is wrong for the Government to do this for the shipping interests, but that if the Government will make him a party to the mistake, then all the mistakes are wiped out, and what was wrong 10 minutes ago has suddenly become right.

Mr. BROOKHART. That would sound well in a Sunday-school argument, but it does not sound well in a farm argument.

Mr. TYDINGS. It may not sound well in a farm argument, but if the Senator is going to complain against a certain condition and then say, "It is all right if you let me get some of the pie," I think it is questionable whether his logic is as sound as it might be, if I may make that observation.

Mr. BROOKHART. The Senator is welcome to his conclusion on that matter; but this is an economic question. It is one in relation to which the Democratic platform and the Republican platform promised the farmers equality with other industries of the country.

Mr. KING. Mr. President, will the Senator yield?

Mr. BROOKHART. How are you going to accomplish that if you do one thing for the railroads, one thing for the manufacturing industries, one thing for the banking industries, and another thing for the farmers?

Mr. TYDINGS. How about those people who are neither farmers nor bankers nor railroaders? When do we get our slice of this big pie that is going to be cut?

Mr. BROOKHART. There are a good many people who are in favor of giving the farmers a square deal who do not belong to any of those groups. Take labor, for instance. We have given them the Adamson law, we have given them the immigration law, and the great labor leaders came before the committee and said the farmers were entitled to this consideration. There is no dispute between the great masses of the people and the farmers of the United States. The only dispute is with this

crowd, these financial combinations, which are taking the excess profits from the farmers of the United States.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. BROOKHART. I yield.

Mr. KING. The Senator referred to a statement made yesterday by the junior Senator from Arkansas [Mr. CARAWAY]. As I recall, the statement was made by a number of the members of the Farm Bureau, and also by the Fair Tariff League, when the last tariff bill was passed, that by reason of the increases in prices made possible, and made certain, indeed, by the increased rates in that tariff measure, the burdens upon the agriculturists and the other people of the United States would be increased to the extent of \$4,000,000,000 annually.

Mr. BROOKHART. That was for the whole country, as I understand it. That is too much for the farmers alone.

Mr. KING. If I said the farmers alone, I did not intend to. The Senator, I take it from the question which he propounded, did not approve of some of those exactions in those tariff schedules. If I am assuming that the Senator did not approve of those—and he certainly can not approve of them if he believes that they impose exactions of \$4,000,000,000 upon the American people—he will, when the tariff bill is before us in a few days, vote against some of these demands which are being made by protected interests in the United States, which have made millions and hundreds of millions of dollars by exploiting the people through tariff schedules. I hope that the Senator, when that tariff bill comes before us, will remember the implications which are properly deducible from the observations which he is making to-day.

Mr. HOWELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. Let me answer the Senator from Utah just a moment.

The VICE PRESIDENT. The Senator declines to yield at present.

Mr. BROOKHART. I will yield a little later. I want to yield to everybody.

I am perfectly familiar with the Senator's tariff argument. I believe that what he says is largely true. I believe that the tariff has created a higher price level for nearly everything in the United States than in the world generally. I know that is true; everybody knows it is true.

Here are the protected industries, able to fix the prices of their products at their factories without foreign competition. Here are the patent industries, that are able to fix the prices of their products at the factory without any competition, either foreign or domestic. But here is the farmer, the biggest individual producer of them all, and he has a little surplus, only about 10 per cent, on an average, of what he produces that goes abroad into the markets of the world. It is sold in competition with all the world. The sale abroad fixes the price, it is cabled back to the cotton exchange and the board of trade, and the domestic price for the other 90 per cent of the product is the same as that of the world market, less the freight and the expense of reaching that world market. Therefore, nearly everything the farmer buys he buys on the higher level of the American protective market, and then, when he comes to sell his products, he sells in the competitive market of the world. That is exactly the situation, and the Senator from Utah is accusing me of inconsistency, immorality, and everything else when I say that the Congress of the United States, which enacted the law and created that condition by law, owes it to the farmers to protect their products on this same American market level as they are protecting generally the industries of the country.

Mr. KING. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. KING. I made no accusation—

Mr. BROOKHART. I promised the Senator from Nebraska that I would yield first to him.

Mr. KING. In view of the personal statement made by the Senator, will he permit me to say that I made no such statement as the Senator attributes to me? I did not accuse him of inconsistency; I certainly made no accusation against his ethics or morality.

Mr. BROOKHART. I will take that back. It was the Senator from Maryland who said it was wrong, and all that.

Mr. KING. I merely expressed the hope that when the tariff bill should come before us, the Senator would remember the wise position which he is now taking, as I am sure he will, and will combat the extortionate demands which will be made by some of the manufacturing interests of the United States.

Mr. BROOKHART. It is quite certain, as far as I am concerned, that Congress will, by law, set up a machine that will give to the farmers that equal price level, or I am ready to fight the tariffs all along the line. I demand this equality which the Democratic Party promised in its platform and through its candidates, and our party promised by its platform and its candidates. I do not think there is anything wrong in taking that position, and I think the strained construction put on it by the Senator from Maryland will not bear the light of day, in view of all the facts.

Does the Senator from Nebraska desire to ask me a question?

Mr. HOWELL. Mr. President, I understood the Senator from Iowa to state that a profit of some \$59,000,000 had been made in connection with the wheat transactions of the War Finance Corporation.

Mr. BROOKHART. That is true; I have the report here.

Mr. HOWELL. Did I understand the Senator to say that the Government had that \$59,000,000?

Mr. BROOKHART. Tucked away right now safely in Mr. Mellon's inside pocket, where it will never benefit the farmers.

Mr. HOWELL. Mr. President, I am amazed at that statement. Does not the Senator know that \$20,000,000 of that was given to the Russians, and that the rest was loaned upon worthless bonds?

Mr. BROOKHART. Congress might have given away the farmers' money, I do not know about that; but the farmers did not agree to it.

Mr. HOWELL. But that was what was done with this agricultural product; it was given away and loaned upon worthless bonds.

Mr. BROOKHART. Perhaps they spent it; they generally do.

Mr. HOWELL. Some time ago, when it was suggested that this fund might be used for the farmer, we were told that it was gone; and that is where it went.

Mr. BROOKHART. I think they used some of it to recondition ships which they turned over to private shipping interests. I think that is where some of it went.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New York?

Mr. BROOKHART. I yield.

Mr. COPELAND. Is it not a fact that in the building of the ships the Government had in mind the welfare of the farmer? How was the farmer to dispose of his products? We had no ships. We had been depending upon foreign bottoms to carry the agricultural products of the country. Was not a large part of the expenditure for merchant ships made with the intention of helping, among others, the producers of farm products in America?

Mr. BROOKHART. Quite the contrary. It was exactly the opposite. As long as the Government owned and operated the ships they looked after the farmer and gave him a low rate of transportation; but they are not to look out for him any longer, so they sold the ships to private interests, by whom the rate can be boosted against the farmer, and that is what will happen. I want the Senator to watch that.

Mr. COPELAND. The Senator has made complaint about the expenditure of large sums of money by the Government during the war; but I say that, as far as I am concerned, in my opinion agriculture in America would have been ruined and the war lost had not those ships been built. Of course, we might differ as to what ultimate disposition should be made of those ships.

Mr. BROOKHART. If the Senator please, I have not the slightest objection to the Government building those ships. What I objected to was building them and then selling them to private interests for a small fraction of what it cost to build them. That is what I am objecting to. I would like to have them come in and buy the farm products of the farmers at a higher price if they are going to be sold cheap, and then sell them cheap to foreigners. That would be a parallel to all this.

Mr. COPELAND. Does the Senator believe that the present operation of the merchant marine is disadvantageous to the American farmer?

Mr. BROOKHART. I think it will be, once private interests get it completely.

Mr. COPELAND. Does the Senator believe it is at present?

Mr. BROOKHART. I have not checked on it to see whether there has been any change in the rates; but the rates will be up rather than down when private interests get the ships. I know what always happens to rates.

Mr. COPELAND. The Senator is posing as a prophet when he says that.

Mr. JONES. Mr. President, with reference to the Senator's statement about the rates for shipping, when the ships get into private hands, they will be subject to regulation by the Shipping Board.

Mr. BROOKHART. The Shipping Board is regulated by the Shipping Trust, so there is not much difference.

Mr. JONES. We hope it will not continue that way, anyhow.

Mr. BROOKHART. Mr. President, I think I have read all of the President's speech of acceptance on the farm problem. He made one other notable speech on the farm problem during the campaign. That was at St. Louis, Mo. There he said:

There has never been a national campaign into which so large a discussion of the agricultural problem has entered as in this campaign. That is as it should be. It is the most urgent economic problem in our Nation to-day. It must be solved if we are to bring equality of opportunity and assurance of complete stability of prosperity to all our people.

I am sorry the Senator from Utah [Mr. KING] has run away. I would like to have him get the force of that statement.

I have discussed elsewhere the causes which have led to distress in agriculture. Even before the war it was not on a satisfactory basis.

President Hoover was the only candidate who stated and followed up that important fact, the only one who saw the farm problem clear back to the beginning. The other candidate for the Presidency did not know about the situation, or at least he would have mentioned it.

Even before the war it was not on a satisfactory basis, and all discussion which deals with putting it back on a pre-war basis takes us nowhere. There was then a fundamental difficulty which still exists—the undue effect of seasonal and periodic surpluses upon the price. The catastrophic deflation of 1920 was added to by the fact that the Underwood tariff had removed protection on practically all farm products. In the year of deflation—that is, the year before the Republican Party came into power and was able to give remedy—agricultural products to the amount of \$3,000,000,000 poured into the country from abroad and helped break prices already under strain from deflation.

That is a full statement of the condition.

There are many other causes. Increased freight rates—

There is nothing in this speech about them being “necessarily” increased. That little word “necessarily” got into the message the other day for the first time. That, of course, applies to freight rates now and not during the war.

There are many other causes. Increased freight rates, increased production abroad, and changes in our production methods at home. There has been a most amazing growth in efficiency of the farmers themselves, who have within eight years increased our production of all farm products about 20 per cent with fewer people employed in the industry and with about the same acreage. This is the answer to any claim that our farmers are not doing their part in the industrial advance. But this increased efficiency has not brought them the same rewards as have come to other professions and callings. The others have marched far ahead of their pre-war basis in standards of living and in comfort, while some branches of agriculture still base their hopes on a restoration of pre-war conditions.

AMPLE CAUSE FOR COMPLAINT

There are, therefore, ample causes for complaint. The Republican Party has throughout the whole of the last seven and a half years been alive to this situation. It has undertaken a long series of measures of assistance.

Most of them were measures that did not assist.

The tariff protection, the revival of the War Finance Corporation—

Which I think on the whole was a nuisance because it made those loans and called them at times when it depressed agriculture. He has the same man in charge of the intermediate credit bank now who is against agriculture and is against this cooperative movement. I want to say on the floor of the Senate that Eugene Meyer is the Judas Iscariot to cooperation throughout the United States.

The expansion of Federal farm banks, the establishment of intermediate credit banks, the cooperative marketing legislation, the regulation of grain exchanges and stockyards, together with a score of other constructive legislative and administrative efforts, evidence the interest in the farmers' difficulties.

And that is about all that is evidenced—interest. So far as curing the difficulties, it did not, and the large part of it so far as the intermediate credit bank is concerned is due to its administration, which is hostile to every idea of cooperative development.

Certain branches of the agricultural industry have made substantial progress. Important branches still lag behind and the problem is yet unsolved as a whole.

There have been many reasons for the difficulty of finding a complete solution. Let me offer two or three suggestions. The first is, there has been a tendency to look for solution of the whole agricultural problem with a single formula. The result has been that the leaders of those branches of agriculture to which that formula would not apply or to which it did damage have immediately fallen into opposition. Therefore on any special plan of relief we have always had sharp disagreement within the industry itself.

That argument has been advanced before. There has been disagreement in the industry, but this Congress represents the industry. This Congress is elected and sent here as best able to solve these problems, and Congress owes it as a duty to the farmers of the country to solve the problems without reference to the disagreements among the farmers themselves.

The depression in different branches of farming comes from widely different sources and has a wide variety of causes. The industry is not a single industry but is a dozen specialized industries absolutely different in their whole economic relationships. If we would have sound and permanent relief, it can be only through complete determination of the causes which bring about the difficulties of each part. By thus going to the root of the trouble we will find that the methods of solution are not through one line of action but through many lines of action.

With all that I agree. The railroad problem has got to be settled; the relation of the tariff problem has got to be settled. All those things must be settled, but now, since we are trying to settle the question of the surplus and marketing, we ought to do it right and adequately and not by any half-way gesture at the farmers of the United States.

NOT WHOLLY ECONOMIC

And the problem is not wholly an economic problem. It is partly a social problem because the farm is more than a place of business—it is a place of living and a home. So that, in addition to finding the solution to the particular difficulty in that particular branch of the business, we must have regard for important social problems involved. The whole foundation and hope of our Nation is the maintained individualism of our people. Farming is, and must continue to be, an individualistic business of small units and independent ownership.

Not only that, but I think the most efficient farm is the small farm that is owned, worked, and operated by its owner.

The farmer is the outstanding example of the economically free individual. He is one of our solid materials of national character. No solution that makes for consolidation into large farms and mechanized production can fit into our national hopes and ideals.

Many factors enter into a solution of this whole problem. One is by the tariff to reserve to the farmer the American market; to safeguard him from the competition of imports of farm products from countries of lower standards of living.

I am not criticizing that portion of the proposition. That is absolutely true. If that high price level for everything is to be maintained we must maintain it for the farmer, but since he has a surplus going abroad, a tariff alone does not give him sufficient economic machinery to maintain that price level and it is ineffective.

Another part of the solution is to provide cheaper transportation to market.

I will say the President is going strong enough to suit me on the inland-waterways proposition, which will have somewhat the effect of reducing the transportation rate and will force these “necessarily” high railroad rates themselves even to be reduced. He is backing an adequate plan for developing inland waterways. I hope he continues until it is completed and at the earliest possible day.

Another is to secure to the farmer a larger proportion of the price which the ultimate consumer pays through the elimination of a vast number of wastes that lie in our method of distribution.

In order to do that the biggest thing he could do would be to remove Eugene Meyer and get somebody at the head of the intermediate credit bank that wants lower interest rates for the farmers. He has a fine opportunity to act promptly there in the interest of the farmer.

Another part of the solution must be to secure greater stability in prices which are now unduly affected both by the seasonal surplus and by the periodical surplus over one year to another.

I want to stop there. “Another part of the solution must be to secure greater stability in prices.” Does that sound like the message we got here the other day?

We must not undermine initiative. There should be no fee or tax imposed upon the farmer. No governmental agency should engage in the buying and selling and price fixing of products, for such courses can lead only to bureaucracy and domination.

That was in the message the other day, and that does not sound like this great speech which I advocated and followed through the campaign, which I quoted two hundred times I am sure to more farmers face to face than any other Member of the Senate.

That is where the price-fixing proposition comes in, and that dogma of price fixing now rises up to nullify the pledge the President made in this address, the one that influenced perhaps more farmers than any other address made in the campaign.

Another part of the solution is to maintain stability and high purchasing power for our consumers. Any depression or ill wind which affects the consumers' buying power is immediately reflected to the farmer. Finally, every different agricultural product is affected by different forces, and we must produce a plan of action which will give aid to each as is required.

"Aid to which as is required"; and here we have a little \$500,000,000 Shylock fund being offered, just fitting in to Eugene Meyer to the dot. He is the fellow to lend that and get that money back. He knows how to get it back, and he will get it back; but he does not know anything about developing cooperatives and does not want to know how to develop the interests of agriculture in the United States.

So far as the tariff is concerned, I will not read that portion of the speech. We will see what it looks like when the House bill comes over here.

Then the President said:

This program further provides that the board shall have a broad authority to act and be authorized to assist in the further development of cooperative marketing; that it shall assist in the development of clearing houses for agricultural products, in the development of adequate warehousing facilities, in the elimination of wastes in distribution, and in the solution of other problems as they arise. But in particular the board is to build up with initial advances of capital from the Government farmer-owned and farmer-controlled stabilization corporations—

The Government should build up these corporations with its own funds, said this speech, but the bill which the Senator from Oregon now says is approved by the President lends the funds to the farmers like Shylocks—

which will protect the farmer from depressions and the demoralization of summer and periodic surpluses.

It is proposed that this board should have placed at its disposal such resources as are necessary to make its action effective.

Mr. Hoover in 1919, in order to make the promise of President Wilson effective as to the price of wheat, believed that the resources needed were \$1,000,000,000 for wheat alone, and the Congress very promptly voted it to him and gave it to him, and I have a copy of the bill here on my desk. And yet, although now all surpluses are included in this problem and wheat is only a small fraction of the whole \$2,000,000,000 that we export every year, we are reduced down to \$500,000,000, and all of that but a little fraction confined to loans.

Thus we give the Federal farm board every arm with which to deal with the multitude of problems.

This bill gives it no arm to buy or sell the surpluses of farm products at all. That is the one arm it needs. If it has that arm, it can do without all the others. If it has that authority and the money to do it, that is all it needs in this operation; and yet this bill cuts out the very pledge that was made by the President so distinctly in his St. Louis speech. I think the Senator's bill is going to be vetoed.

This is an entirely different method of approach to solution from that of a general formula; it is flexible and adaptable. No such far-reaching and specific proposal has ever been made by a political party on behalf of any industry in our history.

I believe that is true, and I do not think this bill carries out that pledge. This bill is a million miles away from it. One would have to use a telescope of the highest power to see it if he were on the other end of this pledge.

It is a direct business proposition. It marks our desire for establishment of the farmer's stability and at the same time maintain his independence and individuality.

This plan is consonant with our American ideas to avoid the Government operation of commercial business, for it places the operation upon the farmer himself, not upon a bureaucracy. It puts the Government in its real relation to the citizen—that of cooperation. Its object is to give equality of opportunity to the farmer. I would

consider it the greatest honor I could have if it should become my privilege to aid in finally solving this the most difficult of economic problems presented to our people, and the one in which by inheritance and through long contact I have my deepest interest.

Mr. President, it was upon those speeches and those pledges that I presented the farm problem to the farmers of a dozen States in the Union. It was upon those pledges, together with the pledges of the platform itself, that I believed we could get a bill under this administration that would be adequate and that would solve at least the farm-marketing problem. This bill does not keep those pledges; this bill hardly even purports to keep those pledges. I want to say again that the farmers of the country will not hold the President alone responsible for this, but the men elected to the Senate and to the House are responsible in an equal degree. Now, let us see what the platform says:

We favor, without putting the Government into business, the establishment of a Federal system of organization for cooperative and orderly marketing of farm products.

There we have the dogma of the platform of not putting the Government into business. The President explained that in his speeches. For the Government to put up the initial capital and to form at the start these organizations is not, under his construction of the platform, putting the Government into business. It was that construction of the platform that I myself followed. Then the platform further states:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and its success.

That is the promise and the pledge the Republican Party made to the farmers of this country, and yet the chairman of the committee, although we are called in extra session to do that thing, in his statement yesterday admitted this bill would not do it. I want to congratulate the chairman on his fairness in this matter. He has not overstated the proposition; he has put it fairly. He knows that this bill is inadequate, and he plainly said so to the Senate, and yet we were called here for what? To enact an inadequate and inefficient bill? We were called in extraordinary session, with agricultural relief as the special purpose, and are to go back to the farmers with this kind of a gesture and say, "This is all we can do for you." No; there will be a hereafter about all this.

Mr. BLAINE. Mr. President—

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. BROOKHART. I yield.

Mr. BLAINE. I desire to recall that when the Senator from Iowa discussed the farm bill which was known as the McNary-Haugen bill not long since he then read from the platform of the Republican Party and the declaration of the candidates. I then asked him a question, and I am going to ask him the same question now. Those planks and those pledges were written to get in on and not to stand on when the party got in. Is not that a fact?

Mr. BROOKHART. If this bill shall be the result, that is the fact.

Mr. President, there is one other phase of this situation which I wish briefly to present, and that is the history of the farmers' fight. When President Wilson organized the wheat corporation he did it on the basis of a letter from Mr. Hoover. I think no better letter has ever been written regarding the agricultural situation. That letter has given me more confidence in what Mr. Hoover would do for the farmer in time of peace than anything else. I desire to read that letter. It is dated July 10, 1917, and addressed to President Wilson:

DEAR MR. PRESIDENT: In response to your request I send you herewith the following notes, compiled by myself and my associates, upon the present situation with regard to wheat:

1. The 1917 harvest promises to yield 678,000,000 bushels. The normal internal consumption and seed requirements (assuming a carry-over of same volume in 1918 as in 1917), amounts to about 600,000,000 bushels; thus leaving a theoretical export balance of 78,000,000 bushels. The conservation measures are already having a marked effect and it is not too much to hope that the national saving may be 80,000,000 to 100,000,000 bushels, and, therefore, the export balance increased to, say 158,000,000 to 180,000,000 bushels.

2. The experience this year in the rampant speculation, extortionate profits, and the prospect of even narrower supplies than 1917 harvest and carry-over must cause the deepest anxiety. No better proof of the hardship worked upon our people during the past year needs be deduced than the recitation of the fact that the producer received an

average of \$1.51 per bushel for the 1916 wheat harvest, yet wheat has been as high as \$3.25 at Chicago, and the price of flour has been from time to time based upon this speculative price of wheat, so that, through one evil cause or another, the consumer has suffered from 50 to 100 per cent, and the producer gained nothing. After much study and investigation, it is evident that this unbearable increase in margin between producer and consumer is due not only to rank speculation but more largely than this to the wide margin of profit naturally demanded by every link in the chain to insure them from the great hazards of trade in the widely fluctuating and dangerous price situation during the year when all normal stabilization has been lost through the interruption of world trade and war. All these factors render it vitally necessary to initiate systematic measures which will absolutely eliminate all possibility of speculation, cure extortionate profits, effect proper distribution and restriction on exports to a point within our own protection. These measures can not be accomplished by punitive prosecution of evildoers, but only by proper and anticipatory organization and regulation all along the distribution chain.

3. During recent months the allied governments have consolidated their buying into one hand in order that they might relieve the burden of speculation from their own consumers, and the export price, if not controlled, is subject to the will of the allied buyer, and in a great measure the American producer is left to his judgment and without voice. Furthermore, in normal circumstances, United States and Canadian wheat is moved to Europe largely in the fall months, such shipments averaging about 40,000,000 bushels per month and relieving a corresponding flow from the farms into the interior terminals. This year, owing to the shortage of shipping, the allied supplies must proceed over a large period of the year and will not, during the fall months, apparently average over 20,000,000 to 25,000,000 bushels per month. We must, therefore, expect a glut in our interior terminals during a considerable period. The financial resources of the grain trade are probably insufficient to carry this extra load without the help of speculators, and, moreover, the consolidation of practically all foreign buying in the hands of the allied buyer has further tended to diminish the capital resources available by placing a number of firms out of business and limits the financial capital available in export trade. The net result of this situation is that unless some strong and efficient Government action is immediately settled and brought into play the American producer will face a slump in wheat. In any event, the price of export wheat will be dictated by a single agency. The American consumer will be faced with a large part of the essential breadstuff having passed into the hands of speculators, for some one must buy and hold not only the normal flow from the farmer but this probable glut.

That is what is necessary to stabilize all these prices right now in time of peace. There is no doubt about that being the basis of efficient action.

4. With great reduction in the consumption of wheat bread now fortunately in progress, the employment of our mills must be greatly diminished, and with the reduction of domestic-flour production and our daily feed from wheat residues will be greatly curtailed. Therefore we must induce foreign buyers to accept flour instead of wheat.

5. In order to do justice to the producers, who have shown great patriotism in a special effort to increase production in 1917 and to further stimulate the efforts of 1918, it is absolutely vital that we shall protect the farmer from slump in price this year due to glut as above or from the uncontrolled decisions of any one buyer. I am informed that most of the allied countries have fixed the price of wheat to the farmer at \$1.80 per bushel, and many of them believe that as allies it is our duty to furnish wheat at a price which delivered to them will not exceed their domestic price—in other words, about \$1.50 per bushel Chicago. Neither the responsible officials nor I hold this view, because I consider the stimulation to production, if no other reason, is in the long run in the interest of the Allies. There is, however, a limit to price which so trespasses upon the rights of the consumer as to defeat its own object through strikes, raises in wages, and social disturbances in the country. It is with the view to finding a solution to those problems, filled with the greatest dangers to both our producers and consumers, that legislation has been proposed and pressed for speedy enactment.

6. The proposed Food Administration has conferred with many hundred patriotic men engaged in production and distribution and has investigated the condition of the consumers in many centers as well. Many plans have been tentatively put forward and abandoned and others have been developed, but in any case none has nor can be settled until legislation has been completed. Three facts stand out plainly enough from our investigations: First, that in this situation the farmer will need protection as to the price of wheat; second, that large masses of people in the consuming centers are being actually undernourished to-day due to the exorbitant cost of living, and these conditions, unless some remedy be found, are likely to repeat themselves in even more vicious forms at this time next year; and, third, the speculator, legitimate or vicious, has taken a large part of the money now being paid by the consumer.

7. It seems to be overlooked in some quarters that the marketing of this year's wheat is surrounded with circumstances new to history and that the old distributing safeguards are torn away by isolation from the reciprocal markets abroad and the extinction of a free-export market and free-export transportation. The harvest has begun to move, and from these very causes the price of wheat has begun to drop, and if the farmer is to sell his wheat, either the speculator must return to the market to buy and carry not only the normal flow from the farmer in excess of domestic and foreign requirements, but also the glut due to the restriction upon the outlet to the latter, and he must charge his toll to the producer and the consumer, and this latter upon a more extensive scale than last year, as his risks will be greater and the practical export buyer must fix his own price for export wheat from the sole outlook of his own clients and in execution of his duty he will in all normal circumstance follow the market down by buying only his time-to-time requirements, as he can not be expected to carry the load of our domestic accumulation. Or the governments must buy the surplus wheat at some reasonable minimum price, allowing the normal domestic trade of the country to proceed with proper safeguards against speculation. Nor would the services of the speculator be necessary, for the Government should be able to stabilize the price of wheat without his assistance and can control the price of export wheat.

I remain,

Your obedient servant,

HERBERT HOOVER.

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.

Following that letter, the Wheat Corporation was organized. Mr. Hoover was placed at the head of it. The first thing, then, was to determine the minimum price of wheat. Mr. Hoover asked the President to appoint a board for that purpose. The President appointed a board. The members of that board were largely farmers. There were some big business men on it, but the majority were of the other kind. After due consideration, they determined, based upon the cost of production of wheat under those conditions, that \$2.20 at Chicago for No. 1 northern wheat would be a fair price. Later, when the freight rates were raised, they raised it to \$2.26.

As soon as this board determined that price, Mr. Hoover, following the plans and policies laid down in that letter, proceeded to bid that price for that wheat at Chicago, which, of course, means to the farmers of the United States. The speculators went out of business. Speculation ended. There were no future deals while Hoover managed the Wheat Corporation.

That applied only to the 1917 wheat. Congress had fixed the price of the 1918 wheat by law at \$2 a bushel. President Wilson, by proclamation, then raised that to \$2.26, and the Wheat Corporation continued during 1918 to operate on the \$2.26 minimum price. In fact, the price rose a little above that during the life of the Wheat Corporation. It averaged, for all sales, \$2.45, or 19 cents above the minimum.

In order to protect these prices it became necessary for Mr. Hoover to purchase and hold as much as \$500,000,000 worth of wheat. That was in 1917 and 1918. Then the war was over, in 1918. President Wilson, during the summer, had promised the farmers an equal price for 1919 to encourage them to sow a greater wheat crop, and they did. So, again, Mr. Hoover, predicting a big crop—and the indications then were for a very big crop—asked Congress for new support to maintain that promise of President Wilson to the farmers of the United States; and I have quoted from a copy of that bill here. He asked and got a billion dollars of direct appropriation out of the Treasury of the United States, expecting possibly that there would be a loss, and that they might not be able to maintain the prices.

This situation had occurred previously in reference to hogs. That was in the Food Administration, and, of course, we had not taken over those products for handling as we did wheat. Again a farm board fixed the minimum price of hogs at Chicago and \$17.50 per hundred was the minimum which they fixed. Mr. Hoover approved that price. This is the final action, the final minimum, that I am talking about. There had been other proceedings that I shall not discuss at this time. He approved that price. He called in the packers and asked them if they would maintain that price. The packers threw up their hands and said, "It can not be done. The supply is outrunning the demand, and therefore the prices of hogs are bound to go down."

An armistice was talked of at that time. There was some prospect that a great surplus of corn accumulated in Argentina would come into the world market. It could not move before because there were no ships. If an armistice was signed, it was thought there would be ships available. That would depress the corn market. The first price fixed for hogs was on a ratio of 13 to 1—corn \$1 a bushel, hogs \$13 a hundred. If corn went down, hogs would go down, too. A minimum of \$15.50 had been fixed, however. Mr. Hoover was not respon-

sible for that ratio price. He was opposed to it all the time. The board put it on. The late Secretary Wallace was perhaps more responsible for it than any other man; but when this last price was fixed he told the board that the ratio business was over, and he wanted a straight minimum, and that is when they fixed the \$17.50 minimum, and then the packers said they could not maintain it.

Mr. Hoover told them that he thought the Food Administration could maintain it; and he said to them, "Unless you do maintain it, on Saturday night I will ask the President to take over your plants on Monday morning and operate them as he is operating the railroads." Charles W. Hunt, of the Federal Trade Commission, and John G. Brown, of the Indiana Farm Bureau Federation, were present and gave me an account of this transaction during the last summer. The packers maintained the price and it was not necessary to take over any of their plants, but here is a bill with this broad authority.

Let me ask the chairman of the committee if there is any authority in the bill for this board to do what Hoover did to the packers during the war?

Mr. McNARY. Mr. President, I am not entirely clear as to all that Mr. Hoover did during the war.

Mr. BROOKHART. All I am asking about is what I have described.

Mr. McNARY. I know of no power in the bill that would permit the President to take over the stockyards of the country.

Mr. BROOKHART. Or the packing plants?

Mr. McNARY. Or the packing plants.

Mr. BROOKHART. The stockyards are a little item.

The war was over; and it was Herbert Hoover who secured from President Wilson the provision in the armistice to the effect that the German blockade should be raised. He did that for two purposes—his great humanitarian idea of feeding those starving people, and also his idea of protecting these farm prices that had been promised the farmers of the United States. If that market were open, there was plenty of demand for farm products, and a clause went into the armistice to that effect; but after the armistice was signed the French found some reason and refused to carry out that provision, refused to raise the German blockade. In just a few days Herbert Hoover was on a boat headed for France to fight for the raising of the blockade. England and France and Italy, with the war over, were anxious to break down the price of food products and farm products. I do not know; that may be the underlying reason why they continued the blockade. I am not able to say as to that; but, at any rate, England canceled her orders for pork, and all the other countries restricted their orders with a view to breaking down the price of farm products; and Herbert Hoover—and I got the account of his fight from George Barr Baker, who was with him in the fight on the other side—conducted the most desperate and heart-rending fight in the history of this country for the farmers of the United States in that transaction. He bought their surplus products and maintained this minimum price on every one of these products. He even bought \$100,000,000 worth of pork. Perhaps he had no legal authority to do that in the Wheat Corporation; but he maintained these prices and saved the farmers from deflation and from bankruptcy at that time. He had to get a billion dollar appropriation from the Congress of the United States to handle the wheat alone, and he did that.

Those are the things that gave me confidence in the ability of Herbert Hoover to solve this farm problem; and those things do not look like the bill that this committee has brought in here.

(At this point Mr. LA FOLLETTE suggested the absence of a quorum, and the roll was called.)

Mr. BROOKHART. Mr. President, I want to read another brief portion of the President's message. He said:

With the creation of a great instrumentality of this character, of a strength and importance equal to that of those which we have created for transportation and banking, we give immediate assurance of the determined purpose of the Government to meet the difficulties of which we are now aware and to create an agency through which constructive action for the future will be assured.

I venture to state to the Senator from Oregon [Mr. McNARY] that with that in the message I am sure his bill will be vetoed when it reaches the President, if it is passed in its present form. It provides for no such organization. I am sure it will be vetoed unless it is strengthened up to meet the requirements of this message.

"An instrumentality of strength and importance equal to that of those which we have created for transportation." What is the strength and importance of the Interstate Commerce Commission?

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield.

Mr. NORRIS. Does not the Senator think that, notwithstanding that defect in the bill, the provision for the debenture plan, which is in the bill, will overcome that little deficiency?

Mr. BROOKHART. If the Senator will permit, I am going to discuss the debenture feature last. I will answer his question at that time.

The President himself here states that agriculture—and I wish the Senator from Maryland [Mr. TYDINGS] and the Senator from Utah [Mr. KING] were present, as they inveigh against doing for the farmers what we have done for these other people—the President says that the farmers are entitled to an organization of a strength and importance equal to that of the Interstate Commerce Commission and the Federal reserve system. How far short of that does this bill come?

The Interstate Commerce Commission has the power, limited only by the constitutional doctrine as to the confiscation of property, to fix the values of all railroad properties for rate-making purposes. Is any power given in this bill to fix the value of the farm surpluses for any purpose whatever? It is not there.

The Interstate Commerce Commission, after fixing the value, has the power to fix the rate of return within the same constitutional limitation. Is there any such power given the board provided in this bill? Is there any such great agency for agriculture as we have for interstate commerce?

Let us consider the Federal Reserve Board. It has the power now, through its various branches, to fix the discount rates, and those discount rates govern the interest rates of the country. The raising and the lowering of a discount rate may affect the values of all commodities in the country up or down. No such economic power has ever been conferred on any board in all the history of the world as has been conferred upon the Federal reserve system.

Is there any such power as that with reference to agriculture provided for the board set up by this bill? Yet the President says we are entitled to have power and authority equal to those of these other organizations.

I think we have the right, too, although I do not want that much power for agriculture, because I want to cut down some of the power of these other instrumentalities; but I want agriculture to have equal power.

Whatever of right we give to the railroads, whatever of right we give to the banking system, the farmers being greater than either have an equal right at least to demand and to obtain. Yet here we are in an extra session of Congress, called to relieve the greatest problem of this administration, with a bill which its own author admits is inefficient, and which he admits will not do these things, with a bill which violates every pledge I made to the farmers in 200 speeches in the last campaign, and we are asked to say to the farmers that that is all we can do for agriculture.

I want to say to the Senate that I am here to fight, and to fight to a finish, and the farmers are not going to be double-crossed with my consent; and I will see them again, too, and I know how to see them.

Mr. President, there is one other phase of the bill, that with reference to the debenture plan. If this bill provided a billion or a billion and a half dollars, if it gave to the board the authority to buy and sell surplus products for the stabilization of their prices, if it gave to this board the right to take from the Treasury \$529,000,000 to sustain those prices, as the railroad law gave to the railroads—if those things were in this bill I would not favor a debenture plan.

I believe it is better to control the surplus for its influence upon the world market than it is to issue debenture certificates that will not accomplish that purpose. For instance, as I have already said, let us take the surplus of cotton, which is the biggest individual item we have of exportable surplus. It is the one we will have longest. After all these others have ceased to have a surplus we will still have a surplus of cotton in the United States. We have never had a surplus over five or six years. It is all consumed. There was none of it ever lost. But a few years ago we had about three years of successive big crops of cotton and in 1926 they had piled up the biggest surplus on record. Suppose we had had a farm board with \$1,500,000,000 behind them to handle all the surpluses and with authority to do it if necessary. Suppose they had said, "The cost of producing this cotton and giving the farmers of the South a reasonable return is 23 cents a pound, and we will give that to the farmer."

With a big institution like that, with money enough to buy and hold a surplus, it would at once have raised the price level to that bid. The farmers would have received, instead of

10 or 11 cents a pound, their 23 cents a pound. By this time we could have disposed of that cotton without one dollar of loss. Why? Because that surplus is 65 per cent of the exportable cotton of the whole world, and all we had to do was to say to the world, "It cost us 23 cents to produce it, and we can not sell for a loss." We could have even taken a small profit upon it if we had desired, and it would all have been disposed of.

How senseless we are as an American people to lay down and turn that vast business over to a few speculators and a few exporters. I believe there are less than 50 of them, and they get only small profits, because they dump this cotton into the world market and break down the world market instead of sustaining it. Under that situation we would be able to get our asking price.

That is the biggest item, as I have said. Wheat comes next. The United States and Canada together are producing about 60 to 65 per cent of the exportable wheat of the whole world. Canada already has an efficient pool. Its leader was before the Committee on Agriculture and Forestry. It has already bought wheat, and its leader explained and made clear beyond any doubt that it has improved the world market and stabilized the price, and to that extent has helped the wheat farmers not only of Canada but of the United States; but we played no part in that program. If we had provided enough funds to buy and hold the 200,000,000 bushels of exportable surplus, it would require \$300,000,000—it would have taken \$500,000,000 for cotton, and some years we will have to buy them both—operating with Canada in the same way as her pool and co-operating with that pool, the two countries could have a like influence upon the world market itself in wheat, and there would be less depression and less speculation than there is now in the world market with Canada acting alone. Why should not we do that? What reason is there that we should turn this over to a gambling board of trade and to a few exporters to make a few small profits for the buying of wheat at a low price and dumping it into the market and buying the next lot at a still lower price?

Most of the farm products could be handled in the same way. Livestock products could be handled under the bill if we had the money and the authority to condemn the packing plants, exactly as Hoover handled the situation during the war. The prices would be maintained, and we would not have to take over their plants, either. But that would not be effective unless we had the authority in the law and had the capital to back that authority. For that reason I prefer a plan that will handle the surplus as Herbert Hoover handled it when he was Food Administrator during and after the war.

Here is another remarkable thing in his record that I omitted referring to. After it was all over and they began to talk about reducing the cost of living and deflating the farmers of the United States and they wanted to discontinue the Wheat Corporation and the Food Administration, Herbert Hoover opposed it, and if his advice had been heeded in that regard, he would have prevented the deflation of the farmers of the United States in 1920. It would not have happened. With this kind of an organization even the Federal Reserve Board power would be futile.

For that reason I say to you that we ought to have an organization; I say to you that we have promised the farmers of the country an organization that would do these things; I say to you that the bill falls far, far short of any such organization. The little things it does will only aggravate the situation and give the speculators a tighter grip upon the farmers and the laborers and the consumers of the country.

If that plan could be adopted, that is all we would need to control marketing. I do not say that that alone would settle the farm problem in all its phases. I concede we have a transportation problem left. I concede we have a credit problem left, in some respects as great or even greater if it is to be handled as it was in 1920. In some respects it can be more disastrous than even our low market price has been. I concede these things are all to be settled, but we are here now settling the control of the surplus. That is the one problem we have before us, and I say we can settle that problem right. We have precedents in the way it was settled during and after the war. But if we fail to get an adequate appropriation to handle the surplus, if we fail to get into the bill adequate authority to do these things, then I am ready to talk about debenture. That is the next best plan. That will give agriculture some relief.

Now, about the particular debenture plan. I supported a debenture plan once before in the Senate. Former Senator Reed, of Missouri, offered it as an amendment to the tax bill. I helped him rewrite that debenture plan, and, as we finally prepared it at that time, it gave to the exporter of farm

products a certificate of debenture for 25 per cent of the price the farmer had received. That was an erroneous basis to start with, because that would mean pyramiding. It should have been 25 per cent of the cost of production. The cost of production is the only basis on which to figure any plan. It is the basis on which every sound business in the world figures, and the business that does not get its cost of production, a margin of profit soon fails. These debentures were made receivable for any tariff duties. That is not much different from the provision in the present bill, except that the bill provides here for only half the tariff.

What is the tariff based on? It is based on the difference in the cost of production at home and abroad. In the President's message to Congress the other day he said:

It seems but natural, therefore, that the American farmer, having been greatly handicapped in his foreign market by such competition from the younger expanding countries, should ask that foreign access to our domestic market should be regulated by taking into account the differences in our costs of production.

The tariff then is the difference in the cost of production. I do not think it measures the full difference on agricultural products, but perhaps as the new bill comes to us from the House it will measure the full difference. If we are going to do it by debenture, I will say to the Senator from Nebraska [Mr. NORRIS], why do we not take the whole tariff as the debenture instead of half of it? Even the debenture plan is only giving the farmers half of what they are entitled to.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield.

Mr. NORRIS. I agree with the Senator entirely that the farmer is entitled to the full difference, but I might say to the Senator that the particular limit of one-half, as the Senator himself knows, because he was present at the committee hearing, was presented by perhaps the largest farm organization in the United States, the National Grange. They themselves agreed to one-half. The Senator has had the same experience with the bill that the rest of us have had, and he knows that they were trying to come within the limits of the President's desire. We have found differently since then, although the head of that great farm organization, like the Senator from Iowa, having been an ardent supporter of President Hoover, believing in the glittering generalities of some of those beautiful speeches, thought the President would sign this kind of a bill, especially if the farmer surrendered one-half of the benefit that he was absolutely entitled to.

Mr. BROOKHART. I did not express any opinion as to the debenture bill.

Mr. NORRIS. I am referring particularly to the head of the grange. Since that time we have learned from the President's letter that even one-half of the tariff going to the farmer has frightened the President nearly to death. If we had put the whole thing in, I do not know what would have happened. Perhaps our able Vice President would have been compelled to vacate the chair that he so well fills.

Mr. BROOKHART. That to me is the most deplorable and pitiable situation of all. The farmers are depressed and brought down so near to peasantry that like a timid child they are afraid even to ask for their own rights. They are willing to take anything that promises any measure of relief. I can not blame a farm leader for being whipped into that attitude of submission, but I refuse to take that attitude as a Senator of the United States. I maintain that as the representatives of the farmers and all the people in this Congress it is our duty to consider the proposition upon its merits. I insist it has not been done even in the debenture plan, although the debenture plan does offer some relief. I see no relief in the other bill. Some Eugene Meyer will be put at the head of it and we will be worse off than we are now. That is the way it looks to me. I want a bill that I know will change this condition.

Now, about the debenture and the tariff. The President objects to it because it will cost \$200,000,000. I am objecting to it because it does not cost twice that much. Two hundred million dollars for all the agriculture of the country. If it were \$400,000,000 a year and we gave out of the Treasury as much in proportion as we gave the railroads, it would take us eight years to get even then. The railroads got their \$529,000,000. I have made all of my argument on the theory that the farmers are entitled to as much as the railroads. While the farmers are three times as great in capital and seven times as great in number, if we had those proportions they are entitled to \$3,000,000,000 out of the Treasury of the United States if we pay them all instead of a portion. I want to size this up on that basis.

The debenture plan, as I understand it, was brought before the committee and they presented it to the President and he did not know about it and asked them to call in agricultural experts. They did that, and they came in and said it would work; and it will work. Then the committee unanimously agreed to it.

Mr. LA FOLLETTE. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. BROOKHART. I yield.

Mr. LA FOLLETTE. I should like to suggest to the Senator from Iowa that they must have gotten hold of the wrong experts in the department.

Mr. BROOKHART. I think they got hold of the right ones. Now it is all changed, and the President is against it because it will cost the Treasury \$200,000,000. I had suspicions that there would be something wrong around the Treasury when the Secretary of the department was reappointed. He had been "President of the United States" for eight years, and I had hoped that his term had ended, but I fear not.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Tennessee?

Mr. BROOKHART. I yield.

Mr. McKELLAR. He was not reappointed. He was merely kept in office in violation of law, and in violation of the law that Mr. Hoover tells us that everyone ought to observe.

Mr. BROOKHART. I will accept the Senator's amendment.

Now that the Treasury is to continue inviolate, it is to back these financial institutions whose names I have given to the Senate, with all their gigantic profits taken out of the pockets of the people of the United States, and especially from the farmers of the United States. Under these circumstances I shall vote for the debenture. I would prefer the other plan, and I hope to be able to offer an amendment to make it include all of the tariff, for if it is reasonable as to half of the tariff duty, it is reasonable as to all. There ought not to be any objection to it.

If the bill is going to be vetoed because of \$200,000,000, it will not be vetoed any harder because of \$400,000,000. I should like to see some of these bills sent up and be vetoed, if that is to be the program, and I should like to have them come back, and then I should like to see the Senators vote on sustaining the veto, because I have not surrendered my responsibility on the floor of the Senate to the seat in the White House.

Mr. President, there is one little matter, personal in character, which I desire to mention and which I think I have failed to mention. I have criticized this bill and the committee and other things in connection with farm relief legislation, but I want to say that nothing in my remarks is to be construed as being personal to the chairman of the committee. He has been as courteous as could be. He invited me to take part in the proceedings of the committee just as a member of the committee, although I was not a member; and all the way through, including his statement of the bill to the Senate, he has been perfectly fair.

Mr. KING. Mr. President, a few moments ago the Senator from Iowa, who has just taken his seat, made a statement, I am told, that I had run away. I listened to the able speech of the Senator for more than an hour with very great pleasure and had the opportunity of propounding several questions to him, which he very graciously answered. He directed his attention, then, to another Senator, and, having a committee meeting to attend, I left the Chamber. I want to assure the Senator that, formidable as he is physically and otherwise, I shall not run away from him, and I am here now.

Mr. BROOKHART. I shall be glad to correct the RECORD, or we can let the RECORD stand as it is, and show that the Senator has "run back again."

FIRING ON THE "T. A. D. JONES" BY COAST GUARD CUTTER

Mr. BINGHAM. Mr. President, I desire to take but a few moments to call the attention of the Senate to an incident occurring on the high seas two or three days ago. The steamer *T. A. D. Jones*, named for the famous Yale football player, and owned by a company of which he is the president, which has been carrying coal from the port of Norfolk, Va., to New Haven, Conn., and other ports in New England, and has made some 16 or 17 trips in that capacity as a collier, was, according to the statements made by the captain of the ship and some of the officers, held up on the high seas some 50 miles out of Montauk Point by a Coast Guard cutter under rather strange circumstances.

May I be permitted to say, Mr. President, that I have the highest regard for the Coast Guard? It has had a long and

splendid record in the saving of life; it has performed excellent service in helping to enforce our laws; but recently, in several instances, it has appeared to have exceeded its authority and to have acted contrary to the ordinary principles on which this Government has been conducted for many years. The Coast Guard has not yet been heard from; the Coast Guard cutter *Seneca*, which is concerned in this episode, since she is still at sea, has not yet reported. Therefore only one side of the story has come to hand. I wish to reserve judgment, and ask other Senators to reserve judgment until the Coast Guard story shall have been told; but the story as it comes from those on board the collier is so extraordinary that it seems to me only fair that we should take notice of what has happened, and the officers in charge of the *Seneca* said they were acting under orders.

The story is as follows: The day before the *T. A. D. Jones* was due to arrive in Long Island Sound the captain was asleep, or trying to sleep, because he would have to be up all night in coming into the Sound and getting to New Haven before the turn of the tide. The Coast Guard cutter appeared some distance away and blew her siren. The officer on the deck in charge of the *T. A. D. Jones* did not know exactly what was meant by the blowing of the siren. The collier was plodding along on her way at about 9 or 10 knots an hour, as a collier lumbers along. The Coast Guard cutter, having a superior speed, of course could easily have come up alongside and asked what she was doing out at sea so far away from land with a cargo of coal bound from Norfolk to New Haven, but, instead of that, the siren continued to sound. The mate went down and waked the captain and asked him what it could mean; that a Coast Guard cutter was blowing its long siren. The captain came up on deck. The siren had ceased to sound in the meantime, and the Coast Guard cutter had hoisted some signals. The captain of the collier immediately went to his code book, consulted it, and interpreted the signals as an order to stop immediately. He promptly ordered the engines stopped, but before the captain of the collier succeeded in interpreting the signals and ordering the engines to be stopped, three shots were fired at the collier, which could easily have been overhauled by the Coast Guard cutter. Apparently, however, those on the cutter enjoy firing shots, as some small boys do on occasions; they like to hear a noise or they like to frighten somebody; and so, in broad daylight, they fired three shots at the *T. A. D. Jones*. The third mate avers that one of them very nearly hit him, but whether or not that is true the deponent sayeth not. At any rate, finally the *Seneca* came up near the *T. A. D. Jones*; a boat was lowered, and came alongside. There were various words passed back and forth which I need not repeat in this place. Finally those in the *Seneca's* boat came on board the collier and found fault with various things, including the fact that a Jacob's ladder was not lowered over the stern of the ship, where it might have interfered with the propeller. The ship's papers were examined, everything was found to be in order; there was no charge whatever that the vessel was carrying any kind of contraband.

The company operating the ship has had a very successful business in selling cargoes of coal, but, so far as anyone has ever heard, their success in selling cargoes has not been due either to the dampness of Norfolk or the dampness of New Haven. The vessel has been engaged only in carrying coal, and there is no evidence to the contrary; nor was any charge made that such was not the case. However, the ship was stopped and was subjected to a certain degree of searching. Finally the officers of the Coast Guard left the ship and stated to the captain as they left that he would have to stay right where he was until the Coast Guard vessel got ready to go on, and that he must not move from that position until the small boat had been taken on board the *Seneca* again, and he had received orders to proceed.

Mr. President, it seems to me that in our zeal to enforce the laws we are likely to establish some precedents that may cause us serious complications, in fact international complications. If a lumbering collier, going along in the daytime, a boat that can not possibly sneak into any little port under cover of the night and discharge a contraband cargo, is to be fired upon because she does not immediately stop and submit to search, we are quite likely to have one of the great European liners belonging to France or England held up on the high seas because some one on board is suspected of having contraband in his possession. Supposing the Government should receive information that a passenger on the *Mauretania* or the *Ne de France* is bringing over a pocket full of diamonds, intending to smuggle them into the port of New York, are we to trust the collector of customs in the port of New York and his inspectors to examine that ship and her passengers, or must she be held up on the high seas by any Coast Guard

cutter that so desires and detained for a day or two while search is made for contraband? Everyone knows that should such an occurrence take place, there would be international complications. The steamship company would lose a large amount of money by having its business interfered with, and the passengers would lose by being delayed a day, and would be subjected to great inconvenience, and we would be involved in unspeakable and prolonged difficulties.

Mr. President, it seems to me that things have come to a pretty pass when a collier proceeding from one American port to another can be held up on the high seas without any excuse whatsoever. If she had been a small boat, a so-called rum runner, that might have put into some little port with contraband on board, there might have been ample excuse for the Coast Guard cutter to have stopped her with solid shot, or otherwise; but for a Coast Guard cutter, able easily to overtake a collier, to fire upon her in broad daylight, without any provocation whatsoever except the chance that she did not know how to read the signals or to understand what was being requested by the blowing of the siren, it seems to me is a very sad commentary on the present situation. I hope that in our efforts to promote law enforcement and to prevent the entry of contraband into this country there may be a little more reasonableness and a little more common sense shown than was apparently done in this case.

As I said in the beginning, I have the highest regard for the Coast Guard and for the splendid work which they have done. The Coast Guard vessel involved in this incident has not had an opportunity to be heard from, but before the case gets any older it seems to me fitting that a protest should be made against this kind of thing, that orders should be given to the Coast Guard not to fire on large ocean-going vessels that can not possibly slip into a port unobserved, and that greater confidence be placed in the officers whose duty it is to see that when some vessels come into port contraband is not landed.

INTERFERENCE WITH SENATOR HEFLIN'S RIGHT OF FREE SPEECH

Mr. HEFLIN. Mr. President, I ask at this time to have a vote on my resolution, which was modified in accordance with the suggestion of the Senator from Utah [Mr. KING] and the Senator from Florida [Mr. FLETCHER] and the Senator from Indiana [Mr. WATSON].

On yesterday afternoon I spoke to the Senator from Indiana over here about my resolution. He said he could not be for it as it was, but if I would change it in line with the suggestions of Senators KING and FLETCHER he would have no objection to it.

Mr. WATSON. Oh, no, Mr. President!

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. HEFLIN. I yield.

Mr. WATSON. The Senator misapprehended what I said. Of course he would not misrepresent it.

Mr. HEFLIN. No; I did not misapprehend the Senator's statement.

Mr. WATSON. What I said to the Senator was that I could not be for the resolution as it was; that I thought the "whereases" probably had no relation whatever to the resolution itself. Furthermore, I said to the Senator—since we are rehashing a conversation between two individuals, which, by the way, is scarcely ever repeated in public—

Mr. HEFLIN. I am doing it because of the remarkable position the Senator took here this morning on the resolution.

Mr. WATSON. The Senator always does those things that he ought not to do.

Now, let me say this to the Senator: I said to him that I thought his resolution was weak in that it was made to appear that the attack was made on him because he was a Senator of the United States, whereas there was nothing in the record to sustain that contention; that he was not there as a Senator; that he was not there in any capacity representing this body; that he had not been delegated with any mission there; that he had gone there as a private individual; and that his resolution was weak in that it constantly recited that this attack was made on him as a Senator, when it was not; it was made on him as a private individual. I said that to the Senator, and I said that if he would change the resolution in that regard and strike out the "whereases" an entirely different situation would be presented. That is what I said to the Senator.

Mr. HEFLIN. Now they have been stricken out.

Mr. WATSON. I have not read the resolution as it now stands.

Mr. HEFLIN. Let me read it to the Senator.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Let the resolution, as modified, be read.

Mr. HEFLIN (reading):

Resolved, That the Senate has heard with deep regret of the interference with the American right of free speech and peaceful assembly and of the attempted assault upon Senator HEFLIN, of Alabama, at Brockton, Mass., on the night of March 18, 1929, and hereby expresses its condemnation of the conduct of those guilty of the same.

Does the Senator object to the passage of that resolution by this body?

Mr. BLAINE. Mr. President, I object to the present consideration of the resolution.

Mr. HEFLIN. Then, Mr. President, I desire to address the Senate. [Laughter in the galleries.]

The VICE PRESIDENT. The Senator from Alabama. The occupants of the galleries will please be quiet.

Mr. HEFLIN. Mr. President, the people of the gallery are glad that I am not going to be seated by this objection. On yesterday afternoon the Senator from Indiana [Mr. WATSON] and I had this talk over here. The Senator said what I said he said. I do not misquote Senators on this floor; but after I had made the resolution conform to the suggestion that the Senator from Indiana, the Senator from Utah [Mr. KING], and the Senator from Florida [Mr. FLETCHER] had made, to have the Senator from Indiana rise and proceed to block the resolution was most surprising and, in fact, astounding to me. I do not quite understand the attitude of the Senator.

Mr. President, the Senator from Indiana himself delivers addresses or lectures for which he is paid. He is invited by people and goes out to speak, and he has a right to be heard as a citizen and a Senator. I presume he was invited because he was a Senator. Senators are usually invited more than private citizens are. Usually because of their stand in public life, the position they take on certain important questions, and sometimes because of their ability as speakers, they are invited to speak to the people out in the Nation who are interested in what is going on here.

During the recess I received probably 50 invitations to speak. I was unable, because of the meetings of the sessions of the Agricultural Committee on the farm relief bill, to fill more than about five of them. The people of the Nation are interested in what is going on here, and if they think a Senator is fighting on the right line they have a right to encourage him and they want to encourage him. They have a right to invite him to come and speak, and they have a right when he comes to have him treated properly and to have themselves treated properly, to enjoy the right of peaceful assemblage and he to enjoy the right of free speech.

This opposition to my resolution is the most remarkable performance that I have ever witnessed in the Senate. Just think about it, Senators! Men who have had long service in public life here for some strange reason are trying to block the passage of a resolution of this character.

Suppose I should be killed at one of these meetings when I am daring to go and speak—as I shall do, God being my helper! I am not going to be intimidated by this Catholic group or any other group. I will assert my right as an American citizen as long as I live; I will continue to defend American ideals and institutions; and if this Government shall go down finally by betrayal from within by those who ought to be on guard, protecting and defending it, those who read the record of the proceedings here to-day can not say that I was derelict in my duty to my country or false to my oath. What right have they to interfere with Protestant and Jewish people who want to meet and have public questions discussed? What right have they to go in a mob and assemble outside a hall, as they did at Brockton? They never heard a word of my speech. They do not know what I said. What right have they to assemble for unlawful purposes, to hurl insulting epithets at me before I went in, and wait in the dark to do the same thing, or to add violence to what they had done previously, and then attempt to take my life?

How would these particular Senators feel, if they should fail to have the Senate condemn this cowardly and murderous conduct, if I should be killed? Why, they no doubt would get up here and say that they deplored this terrible thing. Then maybe they would say something complimentary about me. And I want to say now that I do not want them to open their mouths about me if I should be killed. I want my friends who hear me to bear that in mind. I do not want any hypocrite to stand up and speak about me when I have been murdered when by his acts here he encouraged the murderer while I lived.

This is a serious matter, Senators.

Senators would have thought so if they could have been there and heard this mob howl, "Shoot him! Shoot him! He is a dog"—trained by these young Knights of Columbus to say

it in unison, 40 Catholic boys, like giving a college yell, backed by a hundred or more Catholic men. What do you think of that, Senators, you who claim to be loyal Americans and true to the Constitution? Do you want to permit a thing like that to go on in the country, and when it is laid before you in a resolution asking the Senate to condemn those—nobody else—who were guilty of interfering with the right of free speech and peaceful assembly, and of attempting to assault a Member of this body, to block its consideration?

My God, Mr. President, what are we coming to? I will acquaint this Nation, in every State, with these facts if God gives me the strength to take the facts to them. Why is it that we have reached a situation here where we can not pass anything touching on the dangerous political activities of Roman Catholics? Why is it that the priests and other leaders of 20,000,000 of Roman Catholic people of this Nation have the leaders of a hundred million more scared or intimidated? Have they? Well, let us see whether they have or not. Let us vote on this resolution. Can they come here and infest these galleries and visit the offices of Senators and appeal to Senators and others to fight a move that seeks to curb their un-American activities, with a few men in this body to block any action whatever?

O Mr. President, it is a fearful and a terrible situation that exists here on this very question. Nothing could have made me believe that JIM WATSON would have taken a course he has here; but, alas, he has taken it.

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. HEFLIN. Yes; I yield to the Senator.

Mr. WATSON. I want to ask my friend from Alabama if he thinks he was attacked up in Massachusetts because he was a United States Senator?

Mr. HEFLIN. Certainly; because I am a Senator. I would not have been there if I had not been a Senator.

Mr. WATSON. Would any other Senator have been attacked if he had been there?

Mr. HEFLIN. Oh, no. Some of them, of course, would not have been attacked.

Mr. WATSON. No. Then the Senator was not attacked because of the fact that he was a Senator?

Mr. HEFLIN. Because he is the particular Senator that he is and advocating the things he does advocate.

Mr. WATSON. Well, no; he was attacked because of the character of the speech he made, and because of the character of the speeches he had been making theretofore on the same lines. Is not that the fact?

Mr. HEFLIN. Well, suppose it were the fact? The Senator is agreeing with me. Have not I the right to make the character of speech that I choose to make?

And should anybody make me afraid to speak as I think I should.

Mr. WATSON. Any kind of speech.

Mr. HEFLIN. Then, has any group the right to interfere with me because they do not like my speech?

Mr. WATSON. Not at all; not at all.

Mr. HEFLIN. That is the position the Senator takes.

Mr. WATSON. Not at all; and everybody deplores it; but the point is this:

I remember a short time ago, when the League of Nations fight was on, while the fight was really on in the Senate here, and when the then Senator from Missouri, Mr. Reed—whose departure from this body we all greatly regret—made a speech down in Oklahoma right on the very subject, that he was rotten-egg, and the lights were turned out, and he was driven out of the hall. We all remember it. He did not come here and ask the Senate of the United States to take up that matter, although that was the very subject then under discussion in the Senate of the United States, and he was down there as a Senator of the United States.

My contention is this—not that the Senator from Alabama did not have the right to go there, but that he did not go there as Senator J. THOMAS HEFLIN. He went simply as TOM HEFLIN, an individual, going up there to make a speech that he wanted to make, and being paid for it. It was all right for him to be paid for it. I have no objection to that; but I object to connecting the United States Senate in its organized capacity as a great legislative body with a proposition of this kind that has no reference to any action of the Senate or to anything before the Senate or to any legislation that is being discussed by the Senate.

Mr. HEFLIN. But it was.

Mr. WATSON. The Senator went there purely as a private individual.

Mr. HEFLIN. I went there as a citizen and a Senator, and I was discussing the things that I have discussed here, and told about measures pending in the Congress, a resolution in the House, and what was done here in the Senate.

Mr. WATSON. But how could the Senator go there as a Senator to discuss a matter as a private individual?

Mr. HEFLIN. I was invited to go up there to speak on the dangers that threaten the American Government.

Mr. WATSON. Not as a Senator—

Mr. HEFLIN. Certainly. I was invited because of the things I stand for as an American Senator.

Mr. WATSON. But because of the character of the speech the Senator had been making theretofore.

Mr. HEFLIN. Right here on the floor.

Mr. WATSON. Why, certainly; and everywhere else.

Mr. HEFLIN. Yes. They wanted to silence me. The Senator wanted to know if they would interfere with anybody else. I am sure they would not have bothered the Senator from Indiana, not now, because the Senator has had a change of heart in the last two or three years—quite a change. I know a good deal about this particular phase of the subject, too.

Mr. WATSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama further yield to the Senator from Indiana?

Mr. HEFLIN. Yes; I yield.

Mr. WATSON. I have undergone no change of heart or brain or mind or conscience. I think just what I always have thought. I have no objection to the kind of speech the Senator has made. That is up to him. That is peculiarly his province, and within the line of his own authority. What I do object to, however, is hitching up the United States Senate to a proposition of that kind.

Where a Senator happens to be on a train, for instance, and somebody shoots into that train, is the Senate of the United States to be required to investigate every matter of that kind? The Constitution of the United States throws its protecting arm around a Senator when he is on the way to the Senate or when he is on his way from the Senate; but when he gets back home he is a private individual, entitled to no more of the protection of the Constitution or of the law than any other private citizen. The Senator had just as well invoke the constitutional privilege that he enjoys as a Senator because of what happened up there in Massachusetts as to seek to invoke the authority of the Senate to inveigh against the occurrence.

Mr. HEFLIN. That is not the situation at all, Mr. President. The Senator's illustration is not apt. Let me state it: If a Senator riding on a train and somebody shot into it for the purpose of killing him, then the case would be parallel. That is what was done to me; that would make the illustration fit the situation. Yet, let me say: I would inquire into it, and I would lead the fight to condemn those who did it, and express my regret about it in the Senate. I would be one of the first Senators to do it. Does the Senator mean to say that if a Senator were riding in a train and an assassin should undertake to kill him, and somebody should introduce a resolution here to condemn those who assaulted him for a public speech he had made, he would not favor investigating it and passing a resolution condemning the outlaws who tried to suppress free speech and to murder a Senator for making a speech?

Mr. WATSON. I certainly would not, unless he was on his way to the Senate or on his way from it, because otherwise he is just a private citizen and no more than a private citizen. He is under the protection of the Constitution while going to and from the legislative body and at no other time, and when the Senator was up there making a speech he was not a Senator of the United States entitled to his constitutional protection; he was simply TOM HEFLIN, if the Senator will pardon me, from the State of Alabama, up there to make a private speech for private purposes.

Mr. HEFLIN. No, Mr. President, I was speaking on the subject The Dangers that Threaten the American Government; and I was discussing the things that I had discussed here and things that had occurred outside, and the people who assembled to hear me were American citizens, and they assembled under their right to assemble under the Constitution and I was speaking under my right of free speech.

The speech of the Senator here to-day is the most remarkable thing I ever heard from an American in responsible position. Senator WATSON, of Indiana, has taken the position that because I was not speaking on a mission as a Senator, therefore I was not entitled to protection, not entitled to enjoy the right of free speech given me by the Constitution and the good citizens who assembled to hear me were not entitled to their right of peaceful assembly.

Mr. WATSON. Mr. President—

Mr. HEFLIN. If I had been speaking as a Senator, sent there by the Senate, then they might look into it; but he puts his argument on the ground that it is like a man going to sell bananas, on a private enterprise, to peddle something amongst people for coin.

I was speaking as an American patriot and Senator speaking to citizens who were interested in what I was talking about, citizens who want to preserve this Republic in its integrity, who want to hold it true to its American form, and I hold that one of the greatest constitutional rights of the citizen has been trampled upon and violated, the right of free speech, and another, the right of peaceful assembly, both highly prized American rights; and in addition to that, a mob that assembled for the purpose of denying the other rights sought to kill a Senator for making a speech which the Roman Catholics did not want made. Does the Senator want to take the Roman Catholic side against the American side on the question presented? Does he want to take the side of the mob who sought my life against a Senator who serves with him in this body and who dares to speak for his country and his flag, even in the face of Roman Catholic opposition?

Mr. WATSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. HEFLIN. Yes; I yield to the Senator.

Mr. WATSON. I know that my friend from Alabama has no desire to misquote me, but he said that I was objecting to the right of free speech.

Mr. HEFLIN. That is the effect of the Senator's attitude.

Mr. WATSON. The Senator can draw his own conclusion as to the effect, but he made the square statement that I objected to it. I expressly said that the Senator had the right to go anywhere he wanted to make a speech, if he could find an audience—and he generally does—to make any kind of a speech he wanted to make. I have no objection to that. If the Senator wants to go out and attack the Roman Catholic Church, that is his business; he has a right to do it; but if somebody happens to throw an empty beer bottle at him while he is up there on that mission, not as a Senator, not delegated by the Senate for that purpose, not as a United States Senator in any sense or for any purpose, but purely as a private individual, then I object to bringing the Senate into that for the purpose of passing resolutions condemning people up in Massachusetts who constituted a mob.

If they violated the law, it is up to the people of Massachusetts and the authorities of Massachusetts and the law of Massachusetts to investigate the matter and to punish the offenders; but what makes me against the Senator's resolution is not that he went up there and made a speech—I do not care how many speeches he makes, that is his business, and I do not care how much they pay him for it; he probably draws big pay, and is worth all the salary he gets. I object to hitching the Senate of the United States up to a private, personal proposition of this kind, because I can not conceive that there is any relation between the two. That is my view of it, I will say to the Senator.

Mr. HEFLIN. Mr. President, I can not believe that there is another Senator here who agrees with the Senator from Indiana; I do not know, because we have a peculiar situation here, and there are strange influences at work here. If the Catholics had not been mixed in this at all, I do not believe there would have been any objection to my resolution in the first place. The Senator from Washington [Mr. Jones] first held the resolution up. But for him it would probably have been passed yesterday. I was very careful in drawing it. I believe that most any real and unbiased American Senator who will sit down and read it carefully will say that it announces the American doctrine. I tried to make it do that, and I wanted the great Senate of the United States to go on record denouncing any effort anywhere and everywhere to interfere with the right of free speech. That is an American right, not merely a State right. And that applies also to the right of peaceful assembly.

Now the Senator takes the position that if Massachusetts does not want to protect a Senator, and wants to let him be assassinated, it is all right. That is the effect of his speech. The Senator may not be able to grasp that, I do not know, but that is the effect of his speech, that it is the business of Massachusetts to protect a Senator in the American right of free speech and not Congress. Let me tell the Senator what happened. Stephen Bryan, a fine policeman there at Brockton, was on duty trying to protect me and the audience, to see that we had peaceful assembly and that we were not interfered with. When the car was moving out from the rear of the platform, where we went in and came out, coming out to the main street,

Officer Bryan was along trying to keep back these hoodlums who were yelling insulting epithets and saying "Shoot him. He is a dog."

The Senator would permit that to go on with one of his brethren in this body, and then stand up and put himself in the way opposing the passage of a resolution of condemnation of such conduct.

Mr. WATSON. Mr. President, will the Senator yield right there?

Mr. HEFLIN. I yield briefly to the Senator.

Mr. WATSON. I want the Senator to yield only briefly, because I do not want to carry on any altercation with him. He heard my views, and I thank him for yielding.

I do not think the Senate is under any more obligation to investigate this and pass resolutions about it than about any other mob or mob scene or riot where riots occur. The mere fact that a man was in that affair who was a Senator of the United States, when he was not acting in the capacity of Senator, does not alter the character of the occurrence, in my judgment, at all. That is my view.

Mr. HEFLIN. Mr. President, when this last feeble suggestion came I was just telling the Senator what occurred at Brockton, Mass., on the night of March 18. This policeman, who was almost killed, was walking along beside the car. Perhaps if it had not been for him I would have been struck.

But I do not know that that would have very deeply concerned the Senator very much, or concerned those who sympathize with him in his strange opposition; but this officer was walking along beside the car telling the people to get back and let the car come out, and while doing that, right along beside the window where I was sitting, some man threw a quart bottle, a tonic bottle, an empty, heavy, thick bottle, at the car where I was sitting and struck the officer on the side of the head, and he dropped, the witnesses said, as though he were shot. He was unconscious and they carried him to a drug store. I did not know about it until the next morning. The papers published it and friends came up and told me about it and how badly the officer was hurt and that he got this blow guarding the car I was in. I thank him for the courage and Americanism he displayed on that occasion. We need more of his kind in office.

Mr. President, I told them that that was the most outrageous thing I had ever witnessed. I said, "These people have no right to come here and disturb free speech and peaceful assembly, to frighten these women and children, to intimidate the public in America."

This is not Spain or Italy, where the Pope has complete sway. This is America. If questions like this can not be considered here now, how will it be 20 years from now? You can not find a Senator over there who will get up in this body and open his mouth against any of their un-American activities, not one, not a single one.

When you come in here with something that protests against their un-American political activity—not their religious worship—I distinguish between them—there is somebody always ready to get up, and usually some very shrewd, smart fellow, some good lawyer, who knows his business, and who can make a plausible statement about anything. But these plausible statements do not stand in a case like this. They are frauds, foam, and bubbles. You can brush them aside with one gesture of truth, and they are gone. That is the view the American patriot is going to take of them. Then you come back to the fundamental fact, and what is it? There is a clash of Romanism in the United States with Americanism. The Roman Catholic hierarchy does not believe in free speech or free press. They have destroyed both in Italy. They do not believe in the right of peaceful assembly. They have destroyed that in Italy. They do not believe in religious freedom. They have destroyed that in Italy.

Let anybody challenge these statements if they are not true. They are teaching Protestant and Jewish children in Italy now the Catholic faith, against the protests of Protestant and Jewish fathers and mothers.

I read to the Senate yesterday Doctor Ryan's statement, made right here in the Capital, telling the Catholics of this Nation—and he is an appointee of the Pope—that they do not have to obey the Volstead Act and the Jones Act and the eighteenth amendment if a priest or a bishop or a pope tells them that they need not do it. Yet you can not discuss this question without somebody on the other side or on this side rising up and quibbling and splitting hairs in order to oppose you because Roman Catholic political activities are involved.

No Senator here is going to fool the people back in the States much longer. I am going into the State of Indiana. They are fine upstanding Americans out there. I have made speeches there before, and I have been complimented by the Senator

from Indiana. I spoke out there a couple of years ago, and spoke to 10,000 people in Indianapolis and they stood up and indorsed my speech. I am going to continue to speak on this subject, The Dangers That Threaten the American Government. It may be like John the Baptist crying in the wilderness alone, but it will not be long before there will be enough to make you feel the general American awakening in every State in the Union. When you come to run again your people are going to know just what is going on here, and which side you took.

Choose you this day whom you serve, the government of Washington and Jefferson and Lincoln or the Pope of Rome and the Roman hierarchy and its dangerous and un-American political machine in the United States. Take your choice. Oh, Mr. President, you could not have gotten that mob 20 years ago to have done such a thing in Massachusetts. Oh, no; they were modest and quiet then. They had not felt their oats as they feel them now. They had not gained the power politically they have now or the financial wealth that they have now.

But now they have obtained political influence and power in certain important places and they are disclosing more and more the dangerous program and purpose of Roman Catholic leaders in the United States.

O Mr. President, a book in yonder library, written by this Doctor Ryan, an appointee of the Pope, called "State and Church," about which I told the Senate yesterday—and you are going to hear more about it—announces the doctrine that when they, the Roman Catholics, are strong enough here, they will set up the Catholic state, and he asks the question, referring to American Protestants and Jews, "What chance would they then have against a Catholic state?"

Am I to be punished here by that influence and attempt made to assassinate me out yonder because I dare to stand here and tell the American people about the danger that threatens their Government? Having escaped the deadly missile of the assassin in Brockton, Mass., I am now asking the great body in which I serve to express its condemnation of those who interfered with the right of free speech and peaceful assembly and who sought to assassinate me, the Senator from Indiana [Mr. WATSON] and the Senator from Idaho [Mr. BORAH] rise and protest. They quibble and split hairs about a thing that might have been Roman Catholic murder. I repeat, if anything ever happens to me I want some friend of mine to rise here and say, whether they undertake to say anything or not, that "Senator HEFLIN requested that certain Senators—and I will list them—do not say anything about him in the memorial services if anything should happen to him."

Mr. President, the situation presented here makes me sick. Where is the American courage that inhabited this hall in other days? Are these Senators over there afraid of the Roman Catholic machine? Are they courting favor with them? I know they rendered considerable assistance to the election of the Senator from Indiana the last time.

Mr. WATSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. HEFLIN. I do.

Mr. WATSON. The entire Catholic population of the State of Indiana is 316,000 men, women, and children. The entire population of Indiana is about 3,400,000. The Catholics constitute less than one-tenth of the population of my State. I did not go out in the State of Indiana and say anything against the Catholics or anything for the Catholics, anything against the Ku Klux or anything for the Ku Klux. I never discuss questions of that kind, because they are not involved in any political campaign, and neither one has ever been an issue in my State. I have always gone out in favor of and supporting the policies of my party as expressed in its platform and for no other purpose and in no other way, and whenever the Senator says I cater to the Catholics or to any other element or class or clique in my State, he says something that is far afield and wide of the facts.

Mr. HEFLIN. Well, Mr. President, I have understood that he is the finest old he-horse in the Ku-Klux Klan.

Mr. WATSON. What is that?

Mr. HEFLIN. I said that I had the impression that you are the finest old he-horse in the Ku-Klux Klan.

Mr. WATSON. The Senator knows I do not belong to the Ku-Klux Klan just as well as he knows anything.

Mr. HEFLIN. No; I do not.

Mr. WATSON. Well, I can not say here what I want to say.

Mr. HEFLIN. Say it and then I will say what I want to say.

Mr. WATSON. The Senator must know I never was a member of the Ku-Klux Klan. He never heard that in Indiana from anybody.

Mr. HEFLIN. I do not know.

Mr. WATSON. I am telling the Senator.

Mr. HEFLIN. The Senator changes his mind so frequently.

Mr. WATSON. No; the Senator has not changed his mind.

Mr. HEFLIN. And his position, too.

Mr. WATSON. No; I have not changed my mind and I have not changed my position. I stand just where I have stood. Whatever else I do I maintain my reputation for consistency in advocating public questions and public policies and public principles. I have not changed my views at all on this question.

Mr. HEFLIN. Then I have never understood the Senator and what he stands for.

Mr. WATSON. I say again that the Senator from Alabama has the right to go anywhere he wants to go and make any kind of speech he wants to make, but he goes as a private individual. He does not go in any official capacity. Therefore he has no right to drag the Senate of the United States into a condemnation of a private enterprise in which he was engaged.

Mr. HEFLIN. Has not the Senator voted for resolutions and did he not vote for my resolution to inquire into the speculation proposition in Wall Street?

Mr. WATSON. No.

Mr. HEFLIN. Yes; it passed the Senate just before we adjourned. We pass resolutions frequently inquiring into things and indorsing things or condemning things. So all this talk about it being improper to denounce outlaws for interfering with the American right of free speech and peaceful assembly and for attempting to assassinate a Senator is the flimsiest and the weakest kind of a subterfuge.

Mr. WATSON. This is a legislative body. Primarily we pass resolutions which either in themselves are legislation or partake of the nature of legislation, or to elicit facts upon which we may base legislation. This is nothing of the kind. It has no relation to anything of the kind. It is simply taking up a personal matter in which a man who was a Senator and who at present is a Senator, but who at that time was not acting in the capacity of a Senator, is seeking a vote in the Senate of the United States indorsing his position. That is all there is to it.

Mr. HEFLIN. Not at all. No, Mr. President; the Senator's speech can not disguise the real position that he is taking here. I repeat that if this had not involved the activities, un-American, cowardly, and murderous activities of certain Roman Catholics, there would have been no opposition whatever to my resolution. I have not brought things in here before to have the Senate act upon them that affected me personally; but here is a case where the press carried the report—and the Senator heard one of them read—that if this bottle had struck me it would have crushed my skull.

Now, the Senator talks about the impropriety of passing a resolution condemning those who sought to murder a Senator. It is here. It has been introduced with a goodly number of whereases setting out strongly the true American doctrine on the subject. The Senator is repudiating that and claiming that the Senate has nothing to do with the protection of free speech and peaceful assembly anywhere—and he is the leader of the Republican majority.

Will Republican Senators go on record as indorsing his un-American and untenable position? He takes the stand that the Senate as a body has no business passing a resolution affirming the importance and necessity of protecting the American right of free speech and peaceful assembly. Then, if the Senate can not do it and the State will not do it, what is a citizen going to do and what is a public speaker going to do about it? He is left to the tender mercy of certain Roman Catholics who do not want him to speak and who hate him for the speeches he has already made.

They have threatened my life, and the Senators from Indiana and Idaho and Washington know it. I have read letters to this body where they have threatened my life and I have told the Senate about it. Here was an effort to carry out the threat against a Senator who was speaking in this body when the threats were made, and speaking on a question pending in Congress—a resolution in the House to break off diplomatic relations with Mexico immediately, which was the first step toward war.

I read the Knights of Columbus resolution passed at Philadelphia attacking this Government's Mexican policy and demanding that policy of peace and friendship be abandoned immediately, and I discussed those questions here; and it was then that floods of letters came to me threatening my life, and it was at Brockton, Mass., that the effort was made to murder me and the newspapers said I would have been killed if the policeman had not caught the blow—that the missile would have crushed my skull and killed me.

And now the Senator from Indiana stands up here and takes the position that he thinks the Senate ought not to pass the resolution because I was not acting as a Senator on a mission for the Senate. He does not take into consideration my right as a citizen, my right of free speech, and my right to protection as a citizen and a Senator, and the right of the people in that locality—American citizens—to enjoy their constitutional privilege of peaceful assembly, and then on top of that an effort to murder me. The Senator stands here and takes the time of the Senate and holds up the resolution when it could have been passed long ago, because he now says that he does not think that the Senate ought to pass on a subject of this kind. That un-American statement almost stifles me. Is not the American Senate still at liberty to act on behalf of American rights and liberties?

Oh, what an excuse! I know the real reason and the people back in the States know. The Roman Catholic proposition is the reason. No Senator here can deceive me and you can not deceive the public. The public knows. Americans are getting on to the secret methods of Rome here. Why, I read to you in this body a Roman Catholic priest's article in a magazine, and he mailed it to everyone of you in the midst of the fight I made against war with Mexico, when I opposed the Roman Catholic program. He boasted of how the Catholics put a daily paper out of business in this city for demanding an investigation of the murder and the death of a white girl in the Roman Catholic Good Shepherd's Home in 1913. He mailed it to all of you, and he headed it "Does it pay to abuse Catholics?" He told you how they organized and got after this paper which made the simple request that this poor girl's death be inquired into.

He said:

We organized. We got our priests and our people and we went to work and we boycotted the news stands that handled that paper. We told them if they did not cease to handle it we would not buy anything from them. We went to the merchants of the city of Washington—Jew and Gentile and all, Protestant, Jew, and Catholic—and we told them if they did not quit advertising in that paper we would not trade with them in their stores. Finally, we reduced the subscriptions of that particular paper 40 per cent in three weeks, and then the business manager of the paper came to us and told us that if we would let up on them they would never publish anything else the Catholics objected to.

My God! And that reprehensible and astounding thing happened right here in the Capital of the United States, and you over there knew about it. I told you about it two years ago, and those who read the RECORD to-morrow and the next day and the next day and the next day will know exactly what is going on here and what is the issue here. They must know this Government is doomed if the truth of attacks upon it are cloaked and condoned by those in authority. The Roman Catholic machine can not, must not, and shall not longer control this Government secretly in certain matters and places. The mask is going to be torn off and all these insidious activities must be brought out in the open and let the country know where we stand and just what the Roman issue and danger in America is.

Mr. President, I have told the Senate about this quiet moving but dangerous situation. I have told you also about what occurred up in Rhode Island where the Roman Catholic laymen had paid in hundreds of thousands of dollars to Bishop Hickey and the Roman priests there to build a Catholic institution, and the money was not used for that purpose, and how those members were sore about it and how they appointed a committee of Roman Catholic men to call on the bishop and the priests for an accounting of the funds, and how the bishop and the priests refused and then how they went into an American court to compel an accounting of what they had done with the money. The case proceeded in court.

I want you to get this, Senators, because the people who read the RECORD are going to know what I am telling you. The case went on for a few days and then the court adjourned until the next term with the case still pending in an American court of justice. The bishop and the priests went to Rome in a foreign country, taking the names of about 300 of these American citizens of Rhode Island of the Catholic faith and tried them before a college of cardinals, a church court in a foreign country. Under a foreign potentate, the Pope, they tried these men in their absence, American citizens, when under our Constitution you have to confront the man with his indictment and give him a chance to be heard. Over there these men were absent, back in this country at their homes, but they were tried nevertheless before this foreign court. That court condemned them, repudiated them, excommunicated them, and among other things decreed that one of them publishing a paper in Rhode Island

should not publish his paper another day—a decree out of a foreign court, a Roman Catholic court, destroying the business, occupation, and the property of a citizen of the United States, who was then appealing to an American court to protect him in his rights.

If it had not been a Roman court, how many of you would have been on your feet denouncing it? How many of you over there have discussed this very remarkable case in the Senate? My God! The Constitution says that no American shall be deprived of his property without due process of law, and yet here these foreign potentates, sitting in Rome, trying American citizens in their absence, decree the destruction of a newspaper plant because the citizen, who happened to be a Catholic, demanded to know of those in authority in the Roman Catholic Church what they had done with the money which had been paid to them when they told him it was being paid in for another purpose and when it had been misused and expended in a way contrary to the wishes of those who gave it.

Senators, you all know about that matter. I have told you about it before. That has been printed in the RECORD heretofore. These things are going on constantly, and now, when an attack has been made upon a Senator who has brought these things to the attention of the Senate and of the country, when an attempt has been made to murder him, the Senator from Indiana takes the rôle that the resolution ought not to be passed which says in effect to certain Roman Catholics who do not like me and who do not like the speeches I make, because I am warning my people against the program that they want to put through—which says in effect to them, "Kill him if you want to. The Senate will have nothing to say."

The attitude of the Senator on that point will disgust every American school boy and girl who loves American ideals and institutions.

O God of our fathers, if the courage of the old days could come back once again to this body and take up its abode in the breasts of some that I know hereabouts, what a glorious and refreshing thing it would be for all Americans who love their country.

O Mr. President, I told the Senate about Doctor Scharf, a Roman Catholic Knight of Columbus, and how he carried a letter from Bishop Montgomery, a Roman Catholic bishop, to Senator Bard, of California, in the night time, offering to make a trade, to give the Roman Catholic vote in 20 congressional districts in the United States that were close to the Republican candidate for Congress to make it sure that they—the Republicans—would carry the House of Representatives, provided they would appropriate \$200,000 a year for two years to Catholic schools. Senator Bard was the right kind of a Senator; he exposed it, and defeated the plan. I am the first Senator, and some of you knew about it, that ever brought that Roman conspiracy to the daylight in this Republic of the West.

I know they hate me. I have nothing against the individual Catholics. There are some of them that I think well of. I want them to have the right to worship as they choose; but seeking to overthrow liberty is not a part of their worship or their right. Attempting to destroy a free press is not a part of their right under the doctrine of religious freedom. Killing free speech and peaceful assembly is not a part of their proper religious activities. It is pernicious Roman Catholic politics, and it must not continue in America.

Then there is the spirit which prompts them to write a Senator that they will kill him if he does not cease his activities and his speeches he is making—where? Right here in the Senate. Then when he goes into Massachusetts and makes a speech which they did not want him to make they defy the American way, law, and Constitution and interfere with him and seek to murder him. I was told in Brockton that the priests indorsed the assembling of this Roman mob. Of course they did. I believe they did, as God is my judge, because, let me tell you Senators, Roman Catholics do not attack a public man for the purpose of injuring him and killing him until somebody higher up has told them that it is all right "to go to it." That is the cruel and remorseless Roman Catholic method.

I want Senators to understand that I have said that to-day for the purpose of putting my friends and the country on guard that if I am murdered, I charge it to those Romans in authority whose names I have in a document that will be read here when I am gone if the plan and purpose to put me out of the way succeeds.

When I came here to lay the facts before my brethren in the Senate I would not have thought, of all men in the Senate, the Senator from Indiana would have taken the position that he has. I am so disappointed in him, I am so put out by his failure to measure up to the true standard of real American statesmanship and patriotism at this hour, I hardly know what

to say upon this phase of the subject. I am almost crushed by the attitude that he has assumed, but I know what strong influences are at work here; I know the determined effort to shut off discussion of and prevent action on things that the Romanists do not want. I know the effort made in various places and in various respects to suppress me. Now they have capped the climax with an attempt to murder me, and the Senator from Indiana and two or three others with him treat it lightly and claim that they do not know exactly about the propriety of condemning an effort to murder anybody, whether it be a Senator or not.

The Senator from Indiana takes the position—he can not get away from it—that if they kill somebody they feel like killing because of his activities; if he is a private citizen, it makes no difference what is involved. The American right of free speech, which must live if the Government is to last, the American right of peaceful assembly, which must be preserved if human liberty is to endure over here—it makes no difference if somebody kills him, unless he is on a mission for the Senate. Can it be possible that anybody else here will take the Senator's position on that?

O Mr. President, how disgusted the real American readers of the *Record* will be when they see the picture presented here to-day. Senator Bruce has gone out of this body, but I know they are seeking others to take his place here.

Senator Bruce pursued the Roman course that two or three of you are pursuing here now, and he has gone where the woodbine twineth and the whangdoodle mourneth. [Laughter.] Some others are going that way. I can name them. In America the Senator who has not the courage to stand up and face the issue, even though his life is involved, for the good of his country and for the perpetuity of this Republic of ours, he has no business in the Senate of the United States. Let me tell Senators how some of them have been getting away without the people back home knowing about it. Some have been doing here exactly what the Roman Catholics wanted them to do, and there has not been any publicity given to it. It has all been on the quiet. The Catholics have gone along and have dictated quietly their course wherever Roman Catholicism is involved against Americanism.

The people back home do not know it; but they are going to know it; and they are going to get it out of the *CONGRESSIONAL RECORD*. The Senators who oppose this American resolution are responsible for the speech I made here yesterday and that I am making here to-day. Those of you who attack this great American principle which I have presented to the Senate have the responsibility. The Senator from Indiana and the Senator from Idaho, two men who ought to stand four square to every wind that blows when America is involved and our highest and best interests are at stake quibble and trim and crawl amongst the shadows of technicalities trying to find something to justify their un-American position. They are seeking something to give them an excuse to fight this resolution of mine. Where should a question like this be considered if not here in the Senate of the United States?

I have brought this matter to the attention of the Senate; I have told Senators what occurred. Nobody denies that they interfered with free speech. Then, they have violated the Constitution. Nobody denies that they interfered with peaceful assembly. Then, they have violated the Constitution. Nobody denies that they assaulted me, or attempted to do so, and undertook to take my life. If they had done so, they would have been guilty of murder. And what was my offense? Speaking my convictions as an American citizen, a Protestant-American Senator, going about my country, daring to go unafraid amongst my people to speak about things that I think they ought to know, to give my views and carry important truths to them, and to speak my convictions upon questions that vitally affect the welfare of my country. But when I come out from a hall where everybody stood up and indorsed my speech—Jews, Gentiles, Protestants, Masons, Klansmen, Junior Order of American Mechanics, Shriners, and all—an assault was attempted to be made on me by the subjects of a foreign potentate and king. I repeat, there were at that meeting Protestants, Jews, Klansmen, Masons, members of the Junior Order of American Mechanics, Woodmen of the World, and hundreds that did not belong to any order. I said to them, "I want all of you who agree with me and indorse my speech to stand"; and they got up like they were receiving a benediction at church. Does that look like I was creating trouble or speaking un-American doctrine? I presented facts to them such as I am presenting here. They could not answer them there, and you can not answer them here. I challenge you to do it; I dare you to do it. Do you think you will stop me by defeating this resolution? You will not. You will have opportunity to consider it all this session.

Mr. President, I did not want to go into this debate. I never dreamed that there was any Senator here who would take the stand that some Senators over on the other side have taken. The Senator from Utah [Mr. KING] made a suggestion that all that was necessary was to condemn what occurred there without the whereases of the resolution; my good friend, the able Senator from Florida [Mr. FLETCHER] suggested the same thing, and the Senator from Idaho intimated as much, that some did not want to declare it was "criminal" without knowing who they were, or other details; and the Senator from Indiana told me yesterday afternoon, I repeat, that if I rewrote the resolution along the line of those suggestions, he would not oppose it.

Mr. WATSON. No, no, Mr. President.

Mr. HEFLIN. I assert again the Senator told me that.

Mr. WATSON. Mr. President, the Senator is so excited about this question that he misinterprets or misconstrues what is said to him.

Mr. HEFLIN. I am not at all excited and I do not misinterpret, and I have not the time to yield to the Senator to explain again what he said, because I know what he said. I was interested and I was glad to hear the Senator say what he did. Just as he turned my hand loose here he said, "If you will draw it along the line of the suggestions of Senator KING and Senator FLETCHER, I will be for it"; and out he went.

Mr. WATSON. I most emphatically deny that I made any such statement as that or had any idea of doing so.

Mr. HEFLIN. I assert most emphatically that the Senator did.

Mr. WATSON. I said to the Senator, as I stated a while ago, that the resolution would be far less objectionable in that event than it now is; but the main objection I pointed out to him to the resolution was the one I have asserted on the floor here two or three times. Of course, the Senator can construe what I said as he pleases, but I certainly know what was in my heart and mind at the time.

Mr. HEFLIN. I do not know what was in the Senator's mind, but I know what he said with his mouth. [Laughter.] I know what he said to me. The Senator said exactly what I said he said. If he had not said it, I never would have said he said it, because I am not used to quoting people about what they say without knowing what they say; and when I do quote them I do not let them quibble and slip out of it, and I assert that you said it to me.

Mr. WATSON. I assert that I did not.

Mr. HEFLIN. You may assert it again, and let the *Record* show that I positively assert to the contrary.

The VICE PRESIDENT. Senators must remember that the rule does not permit Senators to accuse one another of misconduct. The Chair hopes that Senators will observe the rule.

Mr. WATSON. I beg pardon of the Chair.

Mr. HEFLIN. Mr. President, there has been very much to provoke a Senator who is making the fight for his country that I am making under such difficulty, that has just developed overnight in this body, coming from quarters where you would ordinarily least expect it when a great American question is at stake. What body, I repeat, except the Senate, should adopt a resolution condemning interference with one of the bulwarks of American liberty—the American right of free speech? Where else except in the Senate would you take a resolution of this kind when another bulwark, the right of the people peacefully to assemble, has been assailed? Where else would I take it as a Senator when my own life was sought by an assassin except to the body of which I am a Member and where a number of American Senators are anxious to vote for the resolution?

Mr. President, this Roman issue is far-reaching. It is not only the program in America; it is the program all over the world. I read yesterday from a pamphlet—I have not it here—but it cites instances where in London the Roman Catholic meetings are displayed in the pictorial sections of the daily papers, and advertisements and boosts are common, but nothing is said about the great Protestant meetings that are being held to fight back the program of Roman Catholicism in England—dear old Protestant England!—and they set out in that pamphlet that they—the Romanists—have intimidated many of the statesmen in Parliament, who are afraid to open their mouths against Roman Catholicism and the political activities of that group. Does not that sound like "Home, Sweet Home," where some public men here are afraid to say anything?

Why, Mr. President, with the announced purpose of Doctor Ryan to establish in America the Roman Catholic state, and declare the Catholic religion to be the only religion, to the exclusion of all other religion, in the face of that some Senators on the other side, the three or four who have risen here, get up

and oppose a resolution like the one I have offered here to-day! When this same Doctor Ryan gave out a statement challenging your statute law, challenging the Constitution itself—get this in your minds, Senators, because those who read it are going to know that I said it to you—he told the Roman Catholics of America that if they did not want to obey these laws and the Constitution of the United States—think of it! what a remarkable statement, and this just recently—they could advise with a priest or a bishop or the Pope, and if he told them it was all right he would excuse them; they need not obey the law and the Constitution of the United States.

What is that but treason? Talk to me about anarchy and treason in the face of your flag; and that is flaunted in your faces at the Capital, and you Senators on the other side have not said a word about it.

Senators WATSON and BORAH and JONES, of Washington, are as silent as the tomb.

O Mr. President, I do not think it will always be thus here. I pray that it may not be. I believe the people are waking up. I know they are. They woke up in the last campaign somewhat. Senator Bruce was defeated because of the stand he took in the Senate. When he stood here and became the mouthpiece—as I charged when he was present—of the Roman group of Baltimore, playing to them, I said, "The Senator is through. The people of Maryland outside of Baltimore, and many of them in it, will never vote to send him back here." And he beat himself by the course that he took.

The people back home know what is going on here. Do not doubt that. Why, I wish you could see my mail, the letters in my office, pouring in every day, and many of them have not been answered; I can not keep up with them with my present office force to save my life. They are indorsing my stand, and they are telling me about reading the RECORD, and many of them say that they thank God that I am in the Senate. Well, I appreciate that. I am trying to serve my country. Well, here are these Romanists up here in Massachusetts trying to kill me, to get me out of the Senate; and the Senator from Indiana [Mr. WATSON] surprises me, shocks and astounds me by opposing the passage of this resolution after it has been modified to the simple language that is now contained in it!

Mr. President, what are we coming to in America? I can not understand the changed attitude of the Senator from Indiana from yesterday to this morning. I can not understand it to save my soul.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. HEFLIN. I yield to the Senator from Oregon.

Mr. STEIWER. I want the Senator from Alabama to understand that I am in no sense quarreling with him concerning the passage of the resolution. I very deeply deplore the attack that was made upon the Senator. I am sympathetic with some expression of our disapproval, and rather have in mind to vote for the Senator's resolution, and possibly may do so unless I become too weary on account of the arguments being made in its behalf. But since the Senator speaks of the change of mind of the Senator from Indiana, I want to remind the Senator of just a few lines that I find in the CONGRESSIONAL RECORD of January 18, 1928—the debate between the Senator from Alabama and the Senator from Arkansas [Mr. ROBINSON], in which the Senator from Arkansas said:

I have heard the Senator from Alabama a dozen times during the last year make what he calls his anti-Catholic speech. I have heard him denounce the Catholic Church, and the Pope of Rome, and the cardinal, and the bishop, and the priest, and the nun until I am sick and tired of it, as a Democrat.

And then the Senator from Alabama is reported as saying:

I would like to have the Senator make that speech in Arkansas.

The Democratic leader responded:

I will make that speech in Arkansas, and I will make it in Alabama, too.

And the Senator from Alabama said:

If you do, they will tar and feather you.

Mr. HEFLIN. No, Mr. President.

Mr. STEIWER. In principle, Mr. President, what is the difference between administering tar and feathers to the Senator from Arkansas for defending the Catholic Church in Alabama and throwing a beer bottle at the Senator from Alabama for attacking it in Massachusetts? Seriously, I should like to have the Senator's explanation of that remark.

Mr. HEFLIN. Mr. President, when the Senator from Arkansas was speaking, and I said I should like to have him make that speech in Arkansas, I never heard him mention Alabama. He said he would make it in Arkansas, and the RECORD shows that he did say "and in Alabama"; but I never heard

him say "and in Alabama," and there were Members of the House from Alabama over here and they did not hear him say "Alabama."

Mr. STEIWER. I will say that I heard the Senator from Arkansas make that reference to Alabama.

Mr. HEFLIN. Yes; but I say I did not hear it.

Mr. STEIWER. The RECORD is strictly in accordance with my recollection, and there are numerous others in this body who called my attention to it.

Mr. HEFLIN. Yes; I am not saying that he did not. I am simply saying that I never heard the "Alabama" part, because I was talking about Arkansas. He said, yes, he would make it in Arkansas, and then followed it with that, I suppose, but I did not hear that. But what I said was said facetiously. I said, "Oh, well, they will tar and feather the Senator," and I said afterwards that I was joking. I never meant it, and I do not think the Senator from Arkansas ever thought that I meant it. But here is a place where they threatened me, and where they undertook to carry out the threat. That is the situation and the difference.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Connecticut?

Mr. HEFLIN. I yield.

Mr. BINGHAM. Will the Senator tell us whether he has been speaking facetiously this afternoon?

Mr. HEFLIN. No, Mr. President. When the Senator runs for the Senate again up in Connecticut he will be confronted with my speeches more times than he has hairs on his head. Oh, they are writing me a lot of billets doux about the Senator, sending me a lot of copies of letters that they have written to him. The Senator has troubles of his own. He is another one that has a lot of explaining to do, because the issue is here. You can not betray a Government like Italy in the nighttime and turn it over to the Pope, its people bound and gagged; you can not kill out a great fraternal order like the Masonic fraternity of Italy by one bloody butcher before he gets ready to turn over the government and make a Roman Catholic king; you can not organize Fascist Roman Catholics and overrun the liberty-loving people of Italy and set up a government where a pope becomes a temporal king, with his subjects throughout the world, without this country taking notice and waking up to the dangers that threaten free institutions over here.

Why, perhaps some of the Senators did not know that one of the doctrines of the Roman Catholic Church is that the will of the Pope is the supreme law of all lands—listen—and the supreme duty of every Catholic everywhere is to do the will of the Pope; and Doctor Ryan tells you that if the Pope tells you not to obey the eighteenth amendment you can defy that flag, spit on the Constitution, and mock the courts of the land; and then talk about a facetious remark that my good friend from Oregon [Mr. STEIWER], for whom I have the highest regard and respect—quotes about tarring and feathering somebody. That was all said facetiously, of course, and I never tried to put that into effect; but there these threats are made against me; they have tried to execute them and carry them out.

How great it would have appeared in the Senator from Idaho [Mr. BORAH] and the Senator from Indiana [Mr. WATSON], when I read this resolution—and I expected them to do it—if they had risen and said, "Mr. President, the American right of free speech and the American right of peaceful assembly must not be tampered with anywhere."

"Anybody's effort to kill a Senator because he exercises the right of free speech ought to be frowned upon and condemned by the Senate, and I move the adoption of the resolution." That is what I expected. That is what the Nation would expect; but what have we? Blocking; protesting; miserable, weak, and maudlin opposition.

Does anybody believe that it is their love of proper procedure in the Senate that causes these Senators to take that course? Do they? I must say, because I try to be a frank man, that I can not believe it. I know so much about this question. I know this Roman foot track wherever I see it. You can not fool me on it. They do not want this resolution passed. They would do much in various ways to prevent it. They have determined that it shall not pass; and all I ask you to do is to give me a vote on it; if necessary, a roll call. I am willing to submit it and be done with it; but I do want the Senate to go on record upon it and let the people of the country know the exact truth of what is going on here at the Capitol.

Mr. President, I want to say this before I sit down: As God is my judge, I am trying as best I can to serve my country. I want to hold it true to the purpose of its creation. I would not deny the Catholic a single liberty that is his. I would not let anybody interfere with his right to worship as he chooses. But when, growing out of that group's activities,

I see a force coming to destroy the free press of my country, that is not religious freedom or religion; and when I see them seeking to destroy free speech, that is not religion or religious freedom; and when they undertake to destroy the right of peaceful assembly, that is not religion or religious freedom. That is dangerous and destructive Roman Catholic political activity. That is a dangerous move against my Government; and if I did not have the courage to stand up and warn the people against it and seek to ward it off I would be a coward, and unfit to represent the great State of Alabama in the Senate of the United States.

I know the dangers that threaten. Suppose you were to write an article to-night to one of these papers here in Washington attacking the conduct of the Good Shepherd Home—there is not one of them that would print it, even for pay.

Suppose you were to write a letter calling attention to Roman Catholic political activities that struck at the very vitals of your Government. They would not publish it. Why? Because the Roman Catholic Representatives would go to them and tell them, "We are going to boycott your paper," and they would become in that instance what they are, a terror as well as an enemy to a free press in the United States. And now they assault the last stronghold where people can go and speak to multitudes in their communities under the right of free speech and peaceful assembly, and assemble an armed mob howling insults at a Protestant Senator when he goes out in this land of ours, under his constitutional right, to address people, sovereign citizens, who invited him there. They are there to hiss and insult him; and when he comes out of the hall they are waiting outside, in the darkness, to assault him and try to kill him; and when he comes back in the body where he serves, and tells his brother Senators about the threats that were made against him, and shows you the newspaper reports of the interference with free speech and peaceful assembly and the efforts to kill him, and gives you also his own statement, you quibble here for two days on the question whether or not the Senate will express its condemnation of interference with free speech and peaceful assembly and the efforts to kill a United States Senator!

Mr. President, that is all I want to say now. I will leave it to the Senate to say what they will do with this resolution. I want a vote upon it.

Mr. BORAH. Mr. President, I know the Senate wants to adjourn, and ordinarily I would not occupy a single moment, but in view of some things which the Senator from Alabama has said, it seems necessary, as I interposed the objection, to say a word.

The attitude of mind of the Senator from Alabama is such that he does not permit anyone to disagree with him about this matter without regarding it in the nature of a personal affront. I can say, and the Senator ought to be willing to believe, that I have no personal feeling toward the Senator other than that of friendship.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. HEFLIN. Does not the Senator think that when an effort has been made to kill a Senator, and he knows about the effort made to kill him, and how barely he escaped being killed, it would appeal to him rather personally?

Mr. BORAH. Yes; if I thought this was the place to deal with the subject. If the Senator really feels that that is the issue, and we have a duty to perform, what we ought to do is not to pass a futile resolution, but to appoint a bodyguard from the Senate to accompany the Senator upon these trips. That is the best way to save his life. This resolution can have only a political effect, or, what is worse, a religious effect, and in no sense do what the Senator says he wants to accomplish.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. HEFLIN. Would it not—

The VICE PRESIDENT. A Senator who desires to interrupt another must address the Chair and get permission to interrupt.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. HEFLIN. Would it not have the effect on those hereafter who might want to interfere with me, and with the assemblies which I address on a subject they do not want discussed, if the Senate should condemn this effort up yonder, when they did not kill me? Would it not have something to do with keeping them from trying to do it in the future?

Mr. BORAH. Mr. President, the Senator from Alabama did not visit Massachusetts as a representative of the Senate; he

was not upon a mission assigned to him by the Senate; he was not in the performance of a duty enjoined upon him as a Senator. His conduct as a Senator is not involved. He was there as a private citizen. In my view of the question, he had a perfect right to go; whatever my view may be as to his views upon any particular subject, he certainly has the right to express his views, and to go where he chooses for that purpose. But he was not in Massachusetts as a representative of the Senate, and, in my opinion, the Senate has nothing whatever to do with the subject.

If it were confined to the question of free speech or the question of the right of peaceful assembly and were presented in the right way, of course there would be no hesitancy upon the part of the Senate in voting to maintain both those principles. But the Senator has presented a wholly different issue. He goes to Massachusetts; he makes what is regarded as an anti-Catholic speech; he is assailed by some one. He immediately states that it is the Catholics who have assailed him, that the man who assaulted him was as he says, a Catholic criminal, and then, when he presents his resolution here he assumes that those who oppose it are either Catholics or controlled by Catholics, and he closes his remarks by saying that this is a contest between Roman Catholicism and Americanism. So the idea of its being a protection to life or a protection to free speech and peaceful assembly is a mere incident which the Senator uses for the purpose of embellishing his very interesting speech.

Mr. President, the Senate in passing this resolution must necessarily ally itself as a Senate, as a body, with the campaign which the Senator is carrying on, a campaign against a religious group in this country, which, if he sees fit to carry it on in his individual capacity, he may do, but he has no right to ask the Senate of the United States as a body to take part in the controversy in which he is engaged.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. Just a moment. If the Senator has anything in the nature of legislation, in the nature of a resolution which will deal with the problem which he thinks is at hand, that he has a right to present here. But when he presents a resolution which puts the Senate in the position of denouncing those he says were Catholic criminals, he would ally the Senate with his attack upon the Catholic people of the United States.

Mr. HEFLIN. Mr. President, that is not my position at all, and there is nothing in the resolution which indicates it.

Mr. BORAH. Wait a moment. I will read what the Senator says.

Mr. HEFLIN. That was in my speech?

Mr. BORAH. Yes.

Mr. HEFLIN. I say that it is the issue in America, Romanism or Americanism, and I repeat that; but my resolution speaks about what occurred to me while making a speech about the dangers that threaten the American Government. The Senator says that I am asking the Senate—

Mr. BORAH. Mr. President, I have very little time, and I would rather not be interrupted.

The VICE PRESIDENT. The Senator from Idaho declines to be interrupted further.

Mr. HEFLIN. The Senator would not permit me to finish my statement.

Mr. BORAH. Yes, I will permit that, if the Senator will not interrupt me further.

Mr. HEFLIN. The Senator says I want the Senate to take sides with me. If the Senate fails to act, what is the effect of its attitude? It has taken the other side.

Mr. BORAH. That is exactly the Senator's position. He proposes to force us to take a position as a Senate on that issue as he sees it.

Mr. HEFLIN. If the Senator is correct, I say, you have taken the other side if you do not act favorably on my resolution. My resolution does not raise that question. I will have more to say about that.

Mr. BORAH. The Senator said:

I want a roll call on my resolution. We will at least make some history and show the people of the country just where we stand when Romanism and Americanism clash in the Senate.

Mr. HEFLIN. Yes.

Mr. BORAH. He said further:

It will help the people when they come to pass on Senators at the polls next year. If we permit this Roman group to suppress the truth in the newspapers and then permit them to suppress the truth here and interfere with freedom of action in the Senate, and permit them to destroy free speech and peaceful assembly out yonder, how long will

It be before some Mussolini, like a thief in the night, will get a strangle hold on the throat of this Government and destroy both civil and religious liberty?

In other words, the Senator believes that there is an issue here between Americanism and the Roman Catholic Church, and he addresses himself to the public upon that issue. After the address is closed, he meets with resentment, and then he brings it to the Senate and says, "A vote upon this resolution determines the position of the United States Senators as to whether they are for the American Government or for the Roman Catholic Church." I admit no such proposition. I recognize no such test.

Mr. President, before I take my seat it may not be out of place to add a paragraph in the way of general observation, since this matter has been discussed at such length. I think, with the Senator, that it is an important matter, but it is important from a viewpoint different from that from which the Senator views it.

In the Constitution of the United States I recall these words:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

Further in the same charter of human freedom it is said:

No religious test shall ever be required as a qualification to any office or public trust under the United States.

The cold terms of the Constitution give no hint of the profound and passionate conviction which caused those words to be written into that instrument. They tell little of the story which led to their being made a part of the law under which, as a Government, we were to live.

We were not as a government to recognize or favor any religion, we were not, directly or indirectly, to hinder anyone in the free exercise thereof. The civil authority, under our theory, was never to enter the realm of conscience; and conscience was not to challenge the authority of the civil power.

It was the idea of the fathers that within the broad confines of this Nation, and within its generous purposes, there was to be room for all faiths, all creeds, all beliefs. The only thing required was that in their professions and practices they should conform to the teachings and principles and authority of free government.

It was the view of the framers of the Constitution that those who should find a home in these United States which they were then organizing should enjoy the most precious boon which it is given man to enjoy—the right to approach his Maker in his own way, and to pay Him the adoration due according to the dictates of his own conscience.

What it cost in the long years which preceded our Constitution to have this enlightened principle so declared and so accepted no language can tell, no tongue reveal. It is the saddest and darkest story in the history of the race, cruelty unspeakable, suffering infinite.

It is the duty of this generation and this assembly here, the high and solemn duty, and the generations which shall follow, to preserve this principle of religious freedom in letter and in spirit, to preserve it and cherish it as one of those things which we will not permit to be challenged, one of those things which, as a free people, we dare not let die.

This principle embodied in the Constitution no doubt represented the view of the leading men of that day. The men of that time were not far removed from the thumbscrew and the rack, from the pillory and the fagot, from the time when men's tongues were cut out that they might no longer utter the honest convictions of their minds. Many of them were descendants of those who had left their native countries in search of that liberty of conscience which they hoped to find in the wilderness of the New World.

While this view was the view of the leading men of the day, no one had pondered the subject so deeply or read the human heart so accurately in regard to this matter as Thomas Jefferson, to whom the able Senator referred upon yesterday. In his Virginia home he had early come to grips with the problem. His breadth of mind, his sympathetic and tolerant nature, his restless and wide-ranging genius had early recognized the question, and he mastered it in all its far-reaching effects upon a free people.

It is true Jefferson was not a member of the Constitutional Convention, but we all know the part he had to do with the adoption of the first amendment. He had seen the Quakers driven out of Virginia by the heaviest of punishments. The statutes of the colony were marred all over with penalties for those who dared to differ with the tenets of the established church. He had seen dissenting preachers carried off to jail for preaching the gospel of Christ as they understood it. So

he said early in his manhood, "I have sworn upon the altar of God eternal enmity to every form of tyranny over the mind of man," and to every form of intolerance of which the human heart can conceive. He never ceased his warfare until the last vestige of intolerance was wiped from the statute books of the Old Dominion, and the principle was incorporated in the Constitution of the United States.

After Jefferson had lived to see the principle of religious freedom incorporated in the Constitution, and after he became President of the United States, he placed his own construction upon that instrument and upon the philosophy which it embodied.

It is that construction to which I invite the Senators' attention. It is the construction which ought to guide us now as it guided the great leader then. It is vital to our understanding of the whole philosophy of tolerance and to our appreciation of the duties of these days. In his first inaugural address he said: "Let us reflect that having banished from our land that religious intolerance under which mankind so long bled and suffered we have yet gained little if we continue that political intolerance, as despotic, as wicked, and as capable of bitter and bloody persecution." Not the letter of the law alone, not the letter of the Constitution alone, but the spirit of the law and the spirit of the Constitution. It is not enough that we merely refrain from passing laws which work intolerance, but in our social life, in our political life, we are to heed the spirit which is incorporated in the Constitution. There, too, intolerance should be banished. My friends, if we follow the principle which we find in our Constitution and follow the construction which was placed upon it by those who helped to make it and obey the spirit of that instrument, we will not be found taking part in religious controversies while performing our civic duties.

We to-day enjoy many rights and many privileges for which we in this day and generation have made no sacrifices, suffered nothing. "No living nostril has scented the nidor of a human creature roasted for faith." It is very difficult for us to realize or understand that there was a time not very long ago when the innocent children of a man's brain might become the unwilling witnesses to his death. But "there is nothing that dies so hard and rallies so often as intolerance." The vices and the passions which it summons to its support are the most ruthless and the most persistent harbored in the human breast. They sometimes sleep but they seem never to die. Anything, any extraordinary situation, any unnecessary controversy, may light those fires again and plant in our Republic that which has destroyed every republic which undertook to nurse it. Thus we see the wisdom, the depth of wisdom, the vision, the courage, of those who wrote into the fundamental law this eternal call to vigilance, this everlasting warning; of those wise men who laid the foundation for a government which knows no heresy, supports no dogma, establishes no sect, favors no religion, and recognizes no authority in government save the sovereign will of the people.

Under this inspiration and in the light of this principle we have developed and built up our country; we have approached if not attained, unparalleled power, and we now, as a people, enjoy more nearly universal happiness than perhaps any people upon God's footstool. This is the handiwork of all creeds, all faiths, and practically all races. All have helped to build this Nation, all have helped to maintain and defend it. During the years in which we have been engaged in working out our civilization we have not known Jew or Gentile, Catholic or Protestant. Shall we now in the day of our prosperity and power reject the principles and precepts under which we have conquered?

Mr. President, I do not for a moment wish to question the sincerity and the patriotism of the Senator from Alabama. But I appeal to him when he says that the Senate of the United States must go on record either for Americanism or Romanism that he present to this body the legal, probative facts which show that Romanism is undertaking to assail the Government of the United States. He may find an individual here and an individual there who announces doctrines with which we disagree—you will find such men everywhere. But I do not believe that the great body of the Catholic people of the United States are allied against the Constitution or the Government of the United States.

Mr. HEFLIN. Mr. President, the Senator from Idaho speaks about American liberties which he has very briefly discussed and is unfortunate in his application of his appeal. Oh, for the spirit of Jefferson and of Patrick Henry, who said he was willing to die if he could not have liberty.

The Senator expresses himself as though he did not think we were having any interference with our great American gov-

ernmental instrumentalities like the free press, for instance. A moment ago I cited the instance here in the city of Washington, where a daily paper was whipped to its knees, the Roman Catholic priest boasted in an article he wrote, until the manager of that paper told him he would never print anything else that the Roman Catholics objected to. I have cited here to-day the instance where Roman Catholic citizens of the United States were tried in a foreign Roman Catholic court, and the act of a Roman Catholic bishop in seeking to get money out of the Treasury—\$200,000—for Roman Catholic schools for Roman Catholic votes in 20 congressional districts. But strange to say none of these things seem to appeal to the Senator from Idaho.

He talks about the spirit of religious intolerance. What was this outburst in Massachusetts but Roman Catholic intolerance against me? I did some good even among Catholics. A bright Catholic boy 22 years old sat at the table in the hall reporting my speech, and when it was over and the old reporter asked him what criticism he had to make of my speech, he said, "None. I am just sorry that so many things he has said are true about the group I belong to. He has opened my eyes"—a Roman Catholic newspaper reporter. And the audience stood up indorsing my speech. Would you think that that indicated religious intolerance. There were Jews and Protestants in the audience. I have never assailed anybody's religion.

The Senator timidly talks about stirring up strife when American rights and liberties are involved. I said, "There is room enough here in America for us all, Jews and Catholics and Protestants. We have our different religions. That is all right"; but I said to them, "We must have one standard of government on which we must all agree, and the Constitution is that standard and the flag represents it all. We must be true to that, and nobody in any American group has the right to interfere with any other group. It will be a sad day when the Protestants have to go and ask permission of the Catholics to have a public speaking or when the Catholics have to ask Protestants or when the Jews have to ask either. Let everyone have his constitutional right. Let everyone do his American duty, be a whole-hearted American citizen, and then go his way and worship as he chooses in his own church all over the United States."

I have read to the Senator from Idaho from Doctor Ryan's book, in which he asserts that when they are strong enough here in the United States they are going to set up a Catholic state, which means the destruction of this American Government, and that man holds office here in Washington under the Pope of Rome.

I read the statement of Doctor Ryan, the Roman priest, where he told his people that they did not have to obey the Constitution of the United States—the eighteenth amendment or the Volstead Act—if a Roman priest told them they did not have to do it. So we already have Romanism actively at work here in our Government. Here is a Roman officer appointed by the Roman authority of Italy and holding office in this part of its jurisdiction, and he announces to the American citizens of the Catholic faith that the advice of the Pope is more binding than the Constitution of the United States.

If this will not do it, what would it take to arouse the Senator from Idaho to the dangers of Roman attack and intrigue?

I accept the challenge of the Senator from Idaho. If he wants to take the Roman side against the American side, let him take it. Let those who want to take it with him do so, but then be fair enough to give me a roll call in the Senate and let the people of the States decide for themselves. The attitude of the Senator here is that I was making a speech in Brockton that the Catholics did not like and I met with resentment when I came out of the hall. They never heard a word I said. They went there with murder in their hearts before the speaking commenced. They insulted me before I entered the hall. They waylaid and sought to assassinate me as I came out. My God, the speech of the Senator from Idaho [Mr. BORAH], and coming from him when the country would expect so much and so different a speech from him!

Romanism and Americanism! They are in deadly conflict in this country. They are at issue. I am an American and as an American I am pointing out to-day the gravest danger that confronts the American Republic. I am pointing out an insidious enemy inside the temple who is secretly and noiselessly striking down the constitutional rights and liberties of my people. I am pointing out an evil that is choking free press to death. I am pointing out an evil that seeks to crush free speech to the extent of murdering a United States Senator who is trying to save this country from the dangers that threaten it. None of

these things appeal to the Senator from Idaho, strange to say, or to the Senator from Indiana.

Mr. President, I want the people of the States to know that this issue is on in the Nation. Senators know it as well as I do. My resolution does not ask them to indorse my position. I am asking them to say nothing on that point. I do not care what they think of my position. I know I am right and I know that God is with me in the battle that I am fighting, and that is enough for me. I repeat, I know that I am right.

I am willing to fight and, if need be, to die for the right; and if there are those here who want to encourage them to murder me, let them take that course and put their names on the record.

No, Mr. President, I am not asking anybody to indorse my position. That is not involved. I am asking Senators to condemn those who sought to murder me. I am asking them to condemn those, without the subject matter involved, who interfered with free speech when I spoke. I am asking them to condemn those who assaulted the great institution of peaceful assembly. I am willing to leave it with the Senate; but I want you to vote on it, Senators, and to vote now.

Mr. President, I ask now that we may have a vote upon the resolution.

The VICE PRESIDENT. Is there objection?

Mr. WATSON. Mr. President, the resolution of the Senator from Alabama is not before the Senate.

Mr. HEFLIN. Yes; it is before the Senate.

Mr. WATSON. No; it is not before the Senate.

The VICE PRESIDENT. The Chair will state that the Senator from Wisconsin [Mr. BLAINE] objected.

Mr. WATSON. The Senator from Wisconsin objected to laying aside the unfinished business, and the resolution of the Senator from Alabama is not before the Senate.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. The Senator from Oregon.

Mr. HEFLIN. I ask that the resolution be laid before the Senate.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. The motion is not debatable.

Mr. HEFLIN. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Dill	McKellar	Simmons
Ashurst	Frazier	McMaster	Smith
Barkley	Gillett	McNary	Steiwer
Bingham	Goff	Metcalf	Swanson
Black	Goldsbrough	Moses	Thomas, Okla.
Blaine	Harris	Norbeck	Trammell
Blease	Harrison	Norris	Tydings
Borah	Hatfield	Nye	Vandenberg
Bratton	Hayden	Oddie	Wagner
Brookhart	Hebert	Overman	Walcott
Broussard	Heflin	Phipps	Walsh, Mass.
Capper	Howell	Pine	Walsh, Mont.
Caraway	Johnson	Pittman	Warren
Connally	Jones	Reed	Waterman
Copeland	Kean	Robinson, Ark.	Watson
Couzens	Kendrick	Robinson, Ind.	Wheeler
Cutting	King	Schall	
Dale	La Follette	Sheppard	

Mr. SCHALL. I wish to announce that my colleague the senior Senator from Minnesota [Mr. SHIPSTEAD] is ill and confined at his home.

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Oregon [Mr. McNARY] that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

RECESS

Mr. McNARY. I move that the Senate take a recess until noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 28 minutes p. m.) the Senate took a recess until to-morrow, Thursday, April 25, 1929, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 24 (legislative day of April 23), 1929

GOVERNOR OF HAWAII

Lawrence M. Judd, of Hawaii, to be Governor of Hawaii, vice Wallace R. Farrington, whose term expires July 4, 1929.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24 (legislative day of April 23), 1929

MEMBER UNITED STATES EMPLOYEES' COMPENSATION COMMISSION
John M. Morin.

POSTMASTERS

ILLINOIS

Gladys W. Leavitt, Hammond.
Florence M. Lozier, Humboldt.
Grace E. Jennings, Murrayville.

KENTUCKY

Sidney S. Offutt, Georgetown.
Allen E. Bell, Moreland.

MAINE

Walton H. Smith, Lisbon Falls.

MONTANA

Leslie E. Robinson, Columbia Falls.
Thelma F. Holst, Westby.

NEBRASKA

William A. Gunderson, Dix.
Henry Ingerle, Elba.
Bertha A. Reese, Pleasanton.

NEW YORK

George C. Myer, Highland Falls.
Kurt Hoenig, Islip Terrace.
Lucius Lennon, Purling.
Elsey M. Doying, Scarborough.
Julia H. Roche, Unionville.
William S. Frischknecht, West Albany.

NORTH CAROLINA

Felix M. McKay, Erwin.
Wyatt L. Stallings, Pinetops.
William C. Barnes, Roxobel.

TEXAS

Crave R. Davis, Bedias.
William A. Conner, Dawson.
Phillip L. Swatzell, De Kalb.
Chester A. Scott, Denton.
Beveridge P. Brents, Whitewright.

VIRGINIA

Bessie J. Deane, New Canton.

HOUSE OF REPRESENTATIVES

WEDNESDAY, April 24, 1929

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the manifestations of Thy glory and mercy are renewed every day; we therefore praise Thee and would seek to magnify Thy holy name. Pardon us wherein we have failed and rebuke us wherein we have been unwise and foolish. Through Thee may we continue to learn that the life that walks with God and finds its highest satisfaction in blessing men will live on in the beauty of its memory. The workman dies, but the work goes on, though the earthly form lies moldering in the dust. Oh, may we live in minds made wiser, in hearts stirred to heavenly music, and in labors borne of courageous faith in eternal realities. Hear our prayer for Thy name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1412. An act making appropriations for certain expenses of the legislative branch incident to the first session of the Seventy-first Congress.

The message also announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 5. An act making an appropriation for defraying the expenses of the United States Marine Band in attending the Confederate veterans' reunion to be held at Charlotte, N. C.; and

S. Con Res. 5. Concurrent resolution to print and bind the proceedings in Congress, together with the proceedings at the unveiling in Statuary Hall of the statue of Robert M. La Follette, presented by the State of Wisconsin.

SWEARING IN OF MEMBERS

Mr. COLLINS and Mr. CHRISTGAU appeared at the bar of the House and took the oath of office.

FARM RELIEF

Mr. HAUGEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 1) to establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to place agriculture on a basis of economic equality with other industries.

Mr. KINCHELOE. Mr. Speaker, before the motion is put may I ask the chairman a question?

The SPEAKER. Will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. KINCHELOE. Is it the intention of the chairman to complete the consideration of this bill to-day?

Mr. HAUGEN. We are going to try to do that.

Mr. KINCHELOE. Will the gentleman try to hold the House in session until that is done?

Mr. HAUGEN. That is the wish of the committee. We desire that it be disposed of to-day.

Mr. JONES of Texas. Mr. Speaker, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. JONES of Texas. It is not the intention of the chairman to not curtail liberal debate, is it?

Mr. HAUGEN. Oh, we will permit liberal debate, of course; but I have expressed the desire to the committee that it be concluded to-day, if possible. That is the wish of the committee.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Iowa.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 1, with Mr. MAPES in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose yesterday the Clerk had concluded the reading of the first section.

Mr. FORT. Mr. Chairman, I move to strike out the last word.

Mr. TILSON. Mr. Chairman, the gentleman from New Jersey [Mr. FORT] is a member of the committee and has been prevented from attending during the general debate by reason of illness. I ask unanimous consent that the gentleman from New Jersey may be permitted to proceed for 15 minutes.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent that the gentleman from New Jersey be allowed to proceed for 15 minutes. Is there objection?

Mr. CANNON. Mr. Chairman, reserving the right to object, is it the intention to ask for further general debate to-day?

Mr. TILSON. No; this is under the 5-minute rule.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey is recognized for 15 minutes.

Mr. FORT. Mr. Chairman and gentlemen of the committee, it is with a peculiar personal gratification that I find myself able to take the floor in support of a farm-relief measure which is also sponsored and supported by the gentleman from Iowa, the distinguished chairman of the Committee on Agriculture. [Applause.] In the last four years, it has seemed to me, on more than one occasion, necessary to disagree with the gentleman from Iowa as to the nature and form farm-relief legislation should take, but I am sure he will concede to those of us on the committee who have opposed the particular measures which he has advocated in the past the same sincerity of devotion to principle, the same desire to accomplish the result of economic equality for the agriculture of the country that he has himself felt and that to-day finds us fighting for the same bill.

It has not been my privilege, because of illness, to hear the general debate, but I have read most of it with interest. It seems to me that now at its conclusion and as the bill is being taken up for reading for amendment, it may perhaps somewhat clarify the situation if we analyze afresh the purposes of the various provisions of the bill. I do not intend to go into detail, but simply to strike what seem to me to be the high spots in the legislation.

First, we are creating a board—a smaller board than has heretofore been proposed in the various legislation submitted to the House on this subject, and why? Because the board must be a board both for judgment and for action, and if there be one lesson which we must have learned from the other boards in this Government, it is that action is slow, if not impossible, when in the hands of a large administrative board. Consequently, we have vested this board with its small size, further with a chairman distinct from among the members of the board, in order to emphasize the point that somewhere there must be authority and responsibility for action. I believe that a board of the size and type and character set out in this bill will act, and I believe it is large enough to produce sound judgment and sound policies for the great industry of agriculture.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. TILSON. While speaking of the board, will the gentleman address himself to the question of the selection of the board as provided for in the House bill, as differentiated from the method proposed in the Senate bill? It seems to me that the Senate bill attempts to restrict the appointments of this board in a way that may be harmful.

Mr. FORT. Mr. Chairman, as I understand the Senate bill, it proposes a board of 12, restricted regionally, so that one member shall come from each of the Federal farm bank districts. If I be correct in the assumption that a small board will produce action better than a large one, the provision for enlargement so that the Federal farm bank districts shall be recognized is undesirable. Again, as I recall the provision of the Senate bill, they put upon the appointive power some restriction of choice of individuals to be placed upon the board. That feature might be desirable, perhaps, if you were going to get away from the entire theory and purpose that is back of the House bill, and that theory and purpose is to re-create the industry of agriculture and to weave it into the entire economic structure of the Nation. [Applause.] If the latter, however, is your purpose, then agriculture needs every facility and every man of brains and ability that can be found in the whole United States, and I believe that the present President of the United States will find that type of ability and that type of service for the American farmer.

The bill differs from the past bills in one other and, I think, very striking essential at the very beginning. It proposes the splitting up of agriculture into its integral units—into those commodities which in and of themselves constitute separate industries.

Our past legislation on this subject has sought to treat all agriculture as though its interests were common. This is a manifest absurdity in an industry whose activities spread from Maine to California, through every climate, through almost every type of product known to the civilized world. It would be quite as intelligent to lump steel and iron and copper and motors and all the other great manufacturing industries of the United States into one group and say their interests were identical.

This bill proposes at the very outset that the board shall split agriculture into its integral parts, that it shall determine whether wheat and rye are the same industry or different industries—whether oranges and lemons and grapefruit are all citrus fruits, or whether they are three separate types of agricultural commodities and three separate industries.

This is of the essence of the construction of a real agricultural policy, and it is the first time in the history of this legislation that it has appeared in any bill.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. FORT. I yield.

Mr. RANKIN. In that connection, if this board minds to do so, it could put the machinery in operation as to one commodity and ignore another?

Mr. FORT. It could.

Mr. RANKIN. Do you think that is a safe power to be placed in the hands of the board?

Mr. FORT. I am coming to that in just a moment, if the gentleman will pardon me.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield for a question on the construction of the language?

Mr. FORT. Yes.

Mr. BURTNESS. I take it that it is the intent of the committee that this board, if it finds it proper to do so, divide the entire wheat crop into separate economic units; for example, durum wheat, as distinguished from spring wheat, and they in turn from winter wheats, hard and soft?

Mr. FORT. I think that is possible, but not necessarily required.

Mr. RANKIN. The gentleman from New Jersey would not contend that this board would be justified in declaring an emergency on one kind of wheat alone?

Mr. FORT. The bill does not mention "an emergency."

Mr. RANKIN. What have you in the bill to take the place of emergency?

Mr. FORT. We have a long-range, permanent program for agriculture.

Mr. RANKIN. Very well; I will take your long-range, permanent program. Is it the intention to put in the machinery for acting on different commodities? If the board does that on a commodity like wheat—

Mr. FORT. If the gentleman will pardon me, my time is very limited. But I shall answer the question. I have already answered it, I think. The board may split the commodities of agriculture, as they are commonly known or grouped. We are endeavoring to organize agriculture into its component elements, as other industry is organized. I am sorry I can not yield further.

Mr. Chairman, we are proposing to organize each of these commodity groups. How are we proposing to organize them? And I may say this is also the first time this feature has appeared in this legislation. We are proposing to organize them by asking cooperative associations to elect a board of directors for the commodity, called a commodity advisory committee.

We are calling upon the cooperative associations of agriculture, after the board has decided what is a commodity, to organize a board of directors for that commodity and thus begin the creation of an industry organization dealing with that commodity. We ask them to come together and to elect a committee of seven. What for? To act as the spokesmen of that industry to the people of the United States and to the farm board; to act as a controlling factor in that industry, just as a board of directors of any other industry controls its policies and its destiny. And the board is in the great essentials of its power unable to act unless it acts at the request of that board of directors chosen by the cooperative associations to speak for the commodity.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield there for a question?

Mr. FORT. Briefly.

Mr. SUMNERS of Texas. Then I will not interrupt the gentleman at this time.

Mr. FORT. Now we have done another thing in setting up these commodity committees. In the past we have talked here as though the problems of agriculture could be solved purely from the angle of the producer. There is no other industry in the world that attempts it. You will not find on the board of directors of a bank nobody but bankers. You will not find on the board of directors of the United States Steel Corporation three practical steel men. You will not find on any of the great corporate governing bodies of this country men who know only the producing side of their industry. Now, the representatives of the farmer who appeared before our committee recognized that fact. The representatives of the great cooperative associations of America came before our committee and asked that we arrange in this legislation for bringing the trade into council on policies affecting each commodity.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. HAUGEN. What time does the gentleman desire?

Mr. FORT. If I do not yield any more I ought to get through in 10 or 12 minutes.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. ASWELL. Does the gentleman intend to discuss the insurance feature of the bill?

Mr. FORT. Yes.

We have therefore decided in this legislation that in selecting their boards of directors, just as the stockholders in great industrial organizations do, these marketing associations of farmers shall select their own representatives, but that they shall include in that board at least two men familiar with the other phases of the industry as distinguished from those merely familiar with the producing phase. Remember, gentlemen, what we are trying to do here is to construct machinery that will produce economic equality.

Economic equality implies the adoption of those methods which industry has found successful. And may I say here that, before our committee, there appeared in this discussion two fine, outstanding representatives of industry, whose evidence I

will submit to the House from the hearings as the equal in sympathy with the agriculture of America of any given by any men from farm sources. I refer to Mr. Amory, of the cotton millers, and Mr. Wells, of the grain trade.

These gentlemen appeared and gave us very constructive and helpful suggestions, and, if there be any question in the mind of any man here as to the wisdom of including men of that type in our boards of directors of the industries of agriculture, I ask that he read the testimony of those gentlemen before our committee and be convinced.

Then when we have set up this industry organization, we give to the farm board great general powers. I had intended to take some time in discussing those powers, but I am not going to to-day except to say that they are the vital, the essential factors in any long-range program. If Members will read these proposals, I am sure they will find in them hope for the future.

Then we come to the special powers of the board.

First we give it one-half billion dollars. This in itself gives it a very special and a very great power. Then what do we do with that half billion dollars? First, and properly so, we say that it shall lend out of that fund to cooperative associations. Why? Because it is the deliberate purpose of this legislation, backed by the party platforms of both parties, as I will show in a minute, to build up the cooperative-marketing association system in America, and, consequently, we have put loans to those associations first in the list of things that the board may do with its money.

Second, we have set up machinery for establishing clearing houses. These are experimental organizations. Neither you nor I can say to-day whether they will prove successful in the long run, but it is a fact that they seem to have in them the germ of enough possible usefulness to make them vitally important to some of the industries of agriculture if they can be worked out properly in practice.

We have provided that these organizations shall be, and must always remain, controlled by the producers and owned by the producers. This we have done because we are admitting into the clearing houses, trade interests but, in admitting those trade interests, we have prohibited them from ever controlling the operations of the clearing houses.

Then we come to the insurance provision concerning which the gentleman from Louisiana asked me.

Insurance happens to be my major business when I am out of Congress. I am not clear, I am not convinced that the insurance provision in this bill will work, but I am convinced that it contains enough possible practical utility in it so that, if it can be made to work by the board and the cooperative associations of America, it should be tried.

I do not believe that it will accomplish or can accomplish all that is hoped for it by its very able proponents from the Cotton Belt, but I do believe that some plan may be worked out under the restrictions in this bill on the issuance of such policies which will result in enabling cooperative associations, in certain of the staple commodities of agriculture, to advance to their members a sufficient percentage of the total market value of the crop to increase the scope of their membership. If this can be done, it is another step toward the organization of agriculture cooperatively, and, if it can be done, it is worth trying.

Therefore I hope this provision will remain in the bill, although, as I say, I am by no means convinced it is certain to succeed. It is, however, so worded in the bill that its failure should produce no harm if it fails.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. FORT. I yield to the gentleman.

Mr. WHITTINGTON. I should like to have the interpretation of the gentleman in this connection on paragraph (d) of section 5 as to the limitations upon the board to make loans when that will tend to increase the surplus in excess of domestic requirements.

Mr. FORT. I am coming to that in a moment, if the gentleman will permit.

Now, there is an important point of distinction between the treatment by the bill of loans to cooperatives and the establishment of clearing houses as contrasted with the establishment of insurance provisions and of stabilization corporations.

The loans to cooperatives, the establishment of clearing houses, do not necessarily relate to or have any bearing on the fate of the commodity as a whole. They may be simply local. They may be simply for the benefit of some one part of the commodity in the case of the clearing house or the loan to the cooperative.

When we come to the insurance provision or the stabilization corporation provision, however, we are dealing with something that affects the entire commodity. Consequently, the committee, in drafting this bill, has provided that neither the insurance

plan nor the stabilization plan can be put into operation by the board except on the request and application of this commodity committee or board of directors which we have set up.

Now, why have we put this in? Because we are trying to organize agriculture that it may run and control its own business, and, since that is our purpose, we are denying to the board the power to act except at the request of the commodity affected in these two major propositions which affect the entire commodity.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. FORT. I yield.

Mr. SPROUL of Kansas. Then, why the insertion of subdivision (e), page 10 of the bill, providing that loans may not be made or advancements made upon a commodity—

Mr. FORT. I am coming to that in just a moment, if the gentleman will wait.

Now, with this preparatory remark about the necessity of the commodity committee asking for the establishment of either insurance or stabilization corporations, I want to discuss for a moment the stabilization-corporation proposition.

I think gentlemen will remember that, from the beginning of this legislation, it has been my belief that the maximum of effective aid that we can give to the so-called surplus crops of agriculture is through the stabilization-corporation principle and practice.

The moment the Government of the United States or any other agency attempts artificially to bid up the price of any commodity of which we already produce a surplus it promises to the Nation nothing but a further surplus. [Applause.]

Now, on the other hand, agriculture has suffered tremendously in the past from price depression not justified by economic conditions or the size of the crop. These undue price depressions are the reason why it is so often truthfully said that the largest crop produces the smallest return.

There is an economic value in any necessity of life although translating that into exact dollars and cents for any given commodity at any given time is practically impossible. But the value is there. The value of any commodity that the world needs to-day and will need to-morrow can not be wiped out if the commodity is preservable. Consequently, we are offering to the American people here something which we have never permitted industry, and that is a corporate organization to lift off the markets so much of the surplus as may be reducing the price of any commodity below the economic value of that commodity.

What will the effect be? The effect first will be largely psychological. The thing that now happens to the farmer is that, in rapidly declining markets, he throws the commodity overboard without regard to its value, because he fears that the price is going to sink clear through the bottom. Similarly, the speculative trader throws the commodity on the market in increasing quantities in the hope that the farmer will dispose of his commodity at the bottom and thereby give him a larger profit.

What do we propose to do? We propose to set up a corporation enormously financed, far beyond the power of any speculator's purse, beyond the power of any foreign interest which desires to sit out our markets and buy at the very bottom to which the price can go, and then we propose to serve notice to all the world that if the attempt is made to drive the price too low, we are going to buy. We will have the financial power to hold and to carry, and we say we are not going to sell again until we get a profit.

What is that going to mean to the world trade in any of these commodities? It is going to mean that the bear trader is going to cover a little above the price at which he thinks this corporation will buy. It means that the foreign interests are going to buy cotton and wheat a little bit above the price where they think the stabilization corporation is going to buy. Instead of further efforts to depress prices, these very adverse interests will buy and support the price.

But, above and beyond all, the American farmer is not going to be scared into selling because of the fear that the price is going through the bottom.

Mr. CANNON. Will the gentleman yield?

Mr. FORT. I will yield to the gentleman.

Mr. CANNON. The gentleman speaks about the price at which the stabilizing corporation will buy. What would determine that price?

Mr. FORT. The board of directors of the stabilization corporation will determine that.

Mr. CANNON. Will the tariff affect it?

Mr. FORT. I am not going to be on the board of directors, and I do not know what they will do, but the board of directors of the stabilization corporation will determine at what

price it will be bought and sold. [Applause.] We are leaving that matter absolutely in the control of the farmers.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. PURNELL. Mr. Chairman, I ask unanimous consent that the gentleman be given 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. FORT. I yield to the gentleman.

Mr. SUMNERS of Texas. The gentleman made some reference to the cooperative marketing associations. Does the gentleman think there is that independence of attitude reserved in the bill with reference to the right of the cooperative association with the board that is set up?

Mr. FORT. I do, and for the reason that nobody has a word to say as to who shall be on the commodity committee, but the representatives of the cooperative-marketing associations of America.

The board has no such power to pick these men as it had under the old advisory council plans. These men are the men of agriculture and not of the Government.

Mr. SUMNERS of Texas. This bill provides that the representatives of the commodity committee shall be paid by the board?

Mr. FORT. Yes.

Mr. SUMNERS of Texas. And contemplates that they shall do other work for the board. Does not the gentleman think they ought to be paid by the organizations which they represent?

Mr. FORT. I would personally agree with the gentleman. I think that may be wise. The objection to it would come, however, that, in many of these commodities of agriculture, the cooperative associations are not yet sufficiently organized to enable them to set up and pay a committee at the inception of this thing, of the type that we need. Therefore I think we have to do it the other way.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. BANKHEAD. I would like the gentleman's interpretation, because I am informed that probably he is the author of the provision on page 12, subsection (c) of the language providing for loans to stabilization corporations:

(c) Any stabilization corporation receiving such advances shall exert every reasonable effort to avoid losses and to secure profits, but it shall not withhold any commodity from the domestic market if the prices thereof have become unduly enhanced—

Mr. FORT. Will the gentleman kindly read the remainder of that sentence?

Mr. BANKHEAD. Certainly—

resulting in distress to domestic consumers.

What is the underlying motive of that?

Mr. FORT. Mr. Chairman, so far as the authorship of that language is concerned, I think it is taken verbatim from the bill introduced by the gentleman from Georgia [Mr. CRISP] three or four years ago. Second, as to the purpose of that language, there is, in my view of it, no one who will fix a price in advance. As I see the purpose of that provision, is this: We are here exempting in this legislation the organizations of agriculture from every one of the inhibitions of the Sherman and other antimonopoly statutes, but we put upon the stabilization corporation the one restriction, "You must so operate that you do not squeeze the consumer." And I take it that if they did operate to squeeze the consumer, the Sherman law might be operative, even as to a stabilization corporation. As I see it, that provision is again purely psychological. Rather than to say to any Government board, "You must fix the price," we say to the directors of the stabilization corporations, "Gentlemen, we are giving you this money to go ahead and operate on; we are not going to control the price at which you buy or sell. However, we expect you to make a profit, which means that you can not be foolish and bid prices up too high when you buy, but, at the same time, you must not penalize the consumer by withholding what you buy in the effort to make too great a profit." To my mind, this provision will be very persuasive on the minds of the directors of the stabilization corporation.

Mr. BANKHEAD. And in the event that the board of directors does violate the mandate of this provision, what would be the remedy?

Mr. FORT. I suppose possibly the farm board will retain some power to call its loans, but I also suppose—and believe it more important—that moral suasion, with the implied

suggestion of possible prosecution under the Sherman Act, will be more effective on the board of directors of the stabilization corporation, a private enterprise for profit, than would be the specific fixation of a price by a Government agency. I may be wrong, but that is my own view of that provision.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. FORT. I am sorry to decline, but I do not want to talk much longer.

Mr. Chairman, I have been asked to explain my views of the provision limiting loans where substantial increase in production might take place. That language has seemed to me to be perfectly clear. In the first place, the suggestion that, under that language, it would be impossible to do anything for the surplus crops of agriculture is absurd.

Mr. WILLIAMS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. WILLIAMS of Illinois. At a meeting of the Committee on Agriculture this morning, at which the gentleman was not present, it was decided that the word "substantially" should be changed to the word "unduly."

Mr. FORT. That is at the bottom of page 10?

Mr. WILLIAMS of Illinois. And that will be offered as a committee amendment at the proper time.

Mr. FORT. That word may perhaps make it clearer in the minds of some gentlemen; but, as I see that language, it does this: It says to the board, "You may help the surplus crops of agriculture. Your purpose—indeed, one of your chief purposes—is to help the surplus crops of agriculture. But it is no part of your job to act in such a way as to swell that surplus, because we are now in trouble as a nation through too great a surplus of one or two commodities." Certainly, no gentleman will contend that this legislation ought to be premised upon a line of action that will increase our troubles, and yet, unless some such language as this appears in the bill the board might, through its policies, put us into yet greater trouble by adopting such measures as will still further increase substantially the source of all our troubles—our common surplus over our domestic requirement. What we are trying to avoid, what we are trying to solve is the trouble that has come to the farmer of the United States from surplus. Do you want this board to go along a general line of policy that is designed still further to increase our troubles, or do you want this board to go into a line of policy which looks toward the diversification of agriculture, which looks toward lessening the troublesome surplus by helping to make it more profitable to grow nonsurplus crops—that looks toward improvement of the profit for every farmer by wiping out, so far as is safe to wipe it out, the surplus which has caused the farmer's trouble? To me that language, as it is now in the bill, is of the utmost importance. I do not care whether the language is changed, so long as it remains as an indication to the board that their job is not to further swell the surplus of agricultural commodities, which to-day have this Congress in special session to consider a farm-relief bill.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(At the request of Mr. PURNELL the time of the gentleman from New Jersey was extended for five minutes.)

Mr. FORT. Mr. Chairman, one more thing only on the bill, and that is that it defines cooperative marketing associations to be the traditional Capper-Volstead cooperatives, because those associations have proven their values to American agriculture. But in order to safeguard against any distress where the cooperative marketing associations are not sufficiently organized to do the job it permits the board to give to other farm organizations all authority and assistance which it is permitted to give to cooperative associations.

In other words, we still feature the cooperative marketing associations, but we also propose to help agriculture that is not yet organized to become so.

Now, Mr. Chairman, that is the bill. That bill was written to carry out the pledges that the great political parties of this country made to the people of the country, and I defy any Member of the House to name one pledge which has not been acted upon.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. FORT. I am going to read the specific language of the platforms, but I will yield for one question.

Mr. CANNON. Wherein does it carry out the plan of the Democratic and Republican platforms to effect a change in the tariff?

Mr. FORT. The Republican Party's platform, so far as it contains any specific pledge, is as follows:

We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, Government financial assistance during the period of transition.

The Republican Party pledges itself to the enactment of legislation creating a Federal farm board clothed with the necessary powers to promote the establishment of a farm-marketing system of farmer owned and controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution.

We favor adequate tariff protection to such of our agricultural products as are affected by foreign competition.

We favor, without putting the Government into business, the establishment of a Federal system of organization for cooperative and orderly marketing of farm products.

The vigorous efforts of this administration toward broadening our exports market will be continued.

These are the pledges of the Republican Party.

Mr. CANNON. Now, will the gentleman turn over to the plank on the tariff?

Mr. FORT. I want first to read to the gentleman the plank of his own party.

Mr. CANNON. I want you to read that plank of the Republican platform.

Mr. FORT. I am sorry I have only three minutes left. This is the Democratic platform:

Farm relief must rest on the basis of an economic equality of agriculture with other industries. To give this equality a remedy must be found which will include among other things:

(a) Credit aid by loans to cooperatives on at least as favorable a basis as the Government aid to the merchant marine.

(b) Creation of a Federal farm board to assist the farmer and stock raiser in the marketing of their products as the Federal Reserve Board has done for the banker and business man.

(c) Reduction through proper Government agencies of the spread between what the farmer and stock raiser gets and the ultimate consumer pays with consequent benefits to both.

(d) Consideration of the condition of agriculture in the formulation of Government financial and tax measures.

We pledge the party to foster and develop cooperative marketing associations through appropriate governmental aid.

These, gentlemen, are the pledges of the two parties. The bill, as reported, fulfills every pledge which falls within the jurisdiction of the Committee on Agriculture. It neither goes beyond nor falls short of what we have promised to the people of America. It is almost unique in the literal way it carries out these promises and should silence, so far at least as this House is concerned, those who love to scoff at party pledges. [Applause.]

One other thing on this subject. Gentlemen have tried to make it appear that we were bound to devise machinery "to make the tariff effective." No such language appears in either platform nor in the speeches of the Republican candidate for President during the campaign. On the contrary, it was my personal privilege to debate the Republican platform before its adoption at Kansas City. The question before the convention was the adoption of a substitute plank indorsing the McNary-Haugen bill. In that convention I then stated and here repeat, "What is the McNary-Haugen bill and its proposal? It starts upon the premise that the protective tariff guarantees to every American producer the amount of the world price plus the tariff. Well, I take it that if the General Motors Corporation chooses to make three times the number of automobiles that the American people choose to buy, the General Motors Corporation will sell those cars for less than the European price plus the tariff. The same thing is true as to any commodity manufactured or grown. The tariff is fully effective on butter. The tariff is fully effective on wool. The tariff is fully effective on cream and milk from Canada. It is effective as to every commodity of agriculture that the American farmer grows if he does not grow a surplus beyond the domestic requirements of the American consumer. When he grows a surplus the tariff is not effective, nor is it effective for the manufacturer who likewise makes a surplus."

After this statement—the only one made before the convention construing the "tariff effective" ideas of the McNary-Haugen bill—the convention overwhelmingly rejected the minority plank and adopted as the sole pledges of the party the language I have read to the House from the platform. Certainly, in the face of these facts, no one can contend that, expressly or by implication, the Republican Party is pledged to "make the tariff effective" on surplus crops.

Our program, of course, includes revision upward of agricultural tariffs; the development of waterways to cheapen transportation; the reduction by various means of the use of sub-marginal lands; and many other measures of aid to agriculture. But, in it all, we are trying to help all agriculture—not as in past legislation, the surplus crops alone, for we believe the best cure for the surplus problem is to divert men now unprofitably raising surplus crops into the production of those things

we do need. This bill is the first step toward this great purpose.

We do not place the Government in business. We authorize no price fixing. We give no subsidy. We impose no tax. We attempt no unconstitutional measures. We avoid economic unsoundness. We urge no Government control of the American farmer.

Rather, we duplicate for him the machinery of other industry. We finance his initial organizations. We place him upon an unequalled plane under the law. We turn over to him the unhampered control of his own destiny, confident that on the farms of America there still exists the courage, the ability, and the perseverance upon which the Nation has relied for generations for the refreshing of its spirit and its leadership. [Applause.]

Mr. QUIN. Mr. Chairman, I move to strike out the last two words. I wish to proceed for 15 minutes.

Mr. LARSEN. Mr. Chairman, the gentleman from Mississippi was deprived yesterday afternoon of the privilege of speaking under the general debate. I hope now nobody will offer an objection to his suggestion.

The CHAIRMAN. The Chair will recognize in opposition to the pro forma amendment the gentleman from Mississippi.

Mr. QUIN. Mr. Chairman, I ask unanimous consent to discuss this bill in my own way for 15 minutes.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for 15 minutes. Is there objection?

Mr. WILLIAMS of Illinois. Reserving the right to object—and I shall not object—after this address I think the committee should give notice that the rules of the House will be adhered to and will limit speeches on this bill to five minutes in general debate.

Mr. QUIN. I would not ask for this indulgence but for the fact that I did not get an opportunity to speak before.

Mr. RANKIN. Reserving the right to object, Mr. Chairman, I think it would be extremely unfair to us to have yielded further time to the other side.

Mr. HILL of Alabama. Mr. Chairman, I hope the gentleman from Illinois will not attempt to limit all speeches to five minutes, considering what has just been done.

Mr. WILLIAMS of Illinois. I have no objection to the gentleman from Mississippi having this extension. I do not object to his address.

Mr. McFADDEN. I wanted an opportunity to speak on this matter.

Mr. SUMNERS of Texas. May I submit this request as a fair proposition, if I may have the attention of the gentleman from Illinois [Mr. WILLIAMS]? I hope it will be possible, in view of the discussion of the gentleman who has just taken his seat [Mr. FORT] with respect to subsection (e) on page 10, I may have the opportunity to present the views for five minutes to oppose those views just stated by the gentleman from New Jersey for the reason that on yesterday as the gentleman well knows there was practically nobody in the Chamber, whereas now the whole House is here. We should have at least five minutes in which to express the opposition views.

Mr. WILLIAMS of Illinois. We can decide that when we come to it. I call for the regular order.

The CHAIRMAN. The regular order is, Is there objection to the request of the gentleman from Mississippi to proceed for 15 minutes?

There was no objection.

Mr. QUIN. Mr. Chairman, I thank the House for giving me this opportunity, and at the outset I wish to state that I am going to vote for this bill. [Applause.] In my judgment, this committee has gone a long way in this program. While, of course, it does not come up to what some of us expected, yet I believe it to be my duty to support the bill which has been brought out here. All of you who know me know that I stand for the equalization fee, and in the absence of that I stand most emphatically for the debenture plan. But in view of the opposition of the President, who has the power not only to veto this bill but to practically control his party and some of my own party [laughter], I realize that my views stand only in the far distance as to what will finally be enacted into legislation.

What you have before you now is not an economic dream but is practical, and the Government, through this bill, will go a long way in its attempt to help the farmer help himself. The legislation advocated in this bill does not directly help the farmer but it puts a great weapon in his hands to help himself.

This measure, my friends, places it in the power of the farmers of the United States, if they will unite, to control in reality the price of farm products. It is up to the farmers of the United States to organize into these cooperatives. Do you mean to say or would any man who really understands

this bill say that it amounts to naught for the Government, through its great agencies and power, to put up \$500,000,000 of lawful United States money for the farmers in order that they may, through legitimate sources of their cooperatives, hold the surplus off the market.

Any man must admit that this is going a long way. This Government has not done this directly for the man who manufactures shoes and clothing, although it has done more for that man through another source, called the thieving robber tariff. [Laughter and applause.] You do not give that to the farmer, but you are giving the farmers in this bill a chance, if 90 per cent of them join it, to control the price of their products—cotton, corn, wheat, beef, mutton, dairy products, and all of the real staple commodities that are produced on the farm.

My friends, get it out of your minds that the farmer is independent. He is dependent, and this is one reason I would go farther for him and would give him the benefit of the debenture plan.

I read what the President of the United States said, and in his statement he met himself coming back. He stated it would not do any good and at the same time he said it would ruin the prices abroad.

Every man knows that if you are going to allow the farmers of cotton or the farmers who are producing wheat or any other commodity that is exported to the foreign countries of this earth to get a rain check for all that goes abroad, then the amount that is sold in the United States must bring the same price. I am a cotton farmer. You give me \$10 a bale in a certificate to be paid out of the custom receipts of the United States for every bale of cotton I send abroad, and if a man over here who is buying cotton fails to give me \$100 a bale, if I can get \$90 plus the \$10 for cotton abroad, do you not know that my cotton is going abroad to England, Scotland, Wales, Germany, Asia, or anywhere else?

This is what the debenture plan would do, but I realize that the powers that be are not going to give the farmers of this country any such advantage as that. You give it to the man who manufactures your steel, you give it to the man who manufactures the coat on your back, the shoes on your feet, and the hat on your head, but I will be damned if you are ever going to give it to the man who stands behind the plow. [Applause.] When you give the manufacturer this tariff that enables him to prey upon the farmer and the average laboring man and woman of this Republic, you are giving him a special privilege, and you are giving him more than the debenture that would go to the farmer for the export of his surplus crops, and yet I have sense enough to know you are not going to do it, but the time will come when that will be enacted into law, because this splendid bill that you have here now is going to prove to the people of the United States that it is not sufficient, and it is going to become the political necessity of the Republican Party to finally come either to the equalization fee or this debenture plan that the President now opposes.

One of these two plans will give the farmers of this Republic a square deal in comparison with the manufacturers of this country.

We all know that this man behind the plow is forced to pay tribute to the manufacturer. He is bound to reach in his pocket and pay out this amount, multiplied by five, that you call a tariff, on the things that he must consume, while the products that he raises must go into an open market. Two-thirds of his cotton goes across the seas to be manufactured into fabric. He is prevented, unless you have the debenture plan, from receiving the same advantage that the man who sells the steel that he uses to plow the ground.

It is manifest that in the course of years the Congress will meet the situation that this debenture plan would meet for the farmers of this Republic. Some will say, of course, that this is crazy talk. You said it was crazy when these poor, third-party poplite farmers met in Ocala, Fla., and wrote a platform, but both the Democratic and Republican Parties stole that thunder and have enacted into law from 85 to 90 per cent of the things you said those crazy farmers were advocating. [Applause.]

These very things that they advocate and which you have gone back on in the declarations of the Republican Party, will, in the course of 15 or 20 years, be enacted into law.

The farmer can exist but he can make no money. Some are losing their farms, some homes are going for taxes and mortgages, but the people of the United States are finally going to rise to meet the exigencies of the occasion and give the farmers this advantage that has been given to the powerful and the few.

Years will come and years will go. The people of the United States are going to do the just thing by their Representatives

in Congress. The gentleman from Iowa [Mr. DICKINSON] ought not to be condemned. He has been criticized for going back on the equalization fee. He did not go back, he could not help himself. You all know that he is for the equalization fee now just like he was a year ago or two years ago. He is just like me only he has to bark for the gentleman in the White House and I do not. [Laughter.] The gentleman from Iowa realized then and he realizes now that the legislation proposed was really what the people wanted for the farmers.

He said that the farmers voted on the question last fall. Do you know that they voted on religion and whisky and not on the equalization fee? The farmers of Iowa would not vote for a Democrat if he offered them \$5 a bushel for grain. They would not vote for the Democratic candidate because he was a Roman Catholic, they would not vote for him because he wanted to modify the prohibition law. You know that they did not vote on the question of the equalization fee, for that never entered their minds.

Now, the gentleman in the White House is the power and he is not going to stand for legislation that puts the debenture plan or equalization fee into the law. That is why it would be nonsense for the Congress of the United States to turn down this bill that you have before you now and take the chances of getting nothing. The sensible thing to do is to accept this bill, send it to the President, let them try out its provisions and see what it will do. [Applause.]

When they realize that it does not meet their expectations they will call on my friend from Iowa and others to come back with the equalization fee or the debenture plan. As sensible and practicable men of standing in the communities we should pass this bill, send it to the President and let him put his name on it, and say to the farmers, "Go out and organize co-operative associations, get all the farmers you can to come in, and control the price of your product—you farmers that work all day from early dawn until late at night with shabby clothes, getting the lowest wages of any class of laborers, organize yourselves and get into the cooperative association; and if this board that is to be appointed by the President has any milk of human kindness in their hearts they will dish out the \$500,000,000 gold in order to enable you to control your surplus product. Let them fix it so that your wives can wear nice clothes, your children can be respectably clothed and be sent to school, so that you can pay the mortgage off on your home, so that you can pay the preacher, pay the doctor, so that you can throw out your chest and say: 'I am as good as the manufacturer of steel, the manufacturer of shoes, and the manufacturer of clothing.'"

It is time that the Congress of the United States did something that we know will be effective, that will not be turned down; so that these people who are dependent on us, holding their watchful eyes on the Capitol of the United States to see whether there are any pledges made, and if such pledges were made whether those pledges are enacted into law, and bring the relief that they expect. If it is tried out and found all right, they will say "God bless Congress that enacted it into law"; if found wrong—as I believe much of it will be—then they will say, "We want a law that carries the debenture plan or the equalization fee." [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. BURTNESS. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

Mr. LARSEN. Mr. Chairman, I tried to get recognition a little while ago. I am a member of the committee and I think I should be recognized first.

The CHAIRMAN. The Chair did not see the gentleman from Georgia on his feet.

Mr. LARSEN. I was on my feet a moment ago.

The CHAIRMAN. The Chair has recognized the gentleman from North Dakota.

Mr. LARSEN. I thought the Chair would remember that I was on my feet.

The CHAIRMAN. The Chair has already recognized the gentleman from North Dakota.

Mr. BURTNESS. Mr. Chairman, I shall be very glad to yield to the gentleman from Georgia.

Mr. LARSEN. Go ahead. I wanted to see what the policy of the Chair would be.

The CHAIRMAN. Of course, the Chair can not tell whether a gentleman wants recognition unless he stands on his feet.

Mr. BURTNESS. I would be glad to yield to the gentleman from Georgia.

The CHAIRMAN. The gentleman from North Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendments offered by Mr. BURTNESS: Page 2, in line 10, strike out the word "and," insert a comma. In line 11, before the word "surpluses," insert "and marketing." In line 12, after the word "distribution," insert "and efficient selling methods," so the clause affected will read "and by aiding in preventing, controlling, and marketing surpluses in any agricultural commodity through orderly production and distribution and efficient selling methods so as to maintain advantageous domestic markets," etc.

Mr. BURTNESS. Mr. Chairman, ladies, and gentlemen of the committee, I told you yesterday that I am in favor of this bill. I do not want to propose a single amendment which I would feel would be out of harmony with the general purposes of the bill. I have three or four amendments which I hope to get recognition on to submit to the House, any one of which I believe would be heartily approved by the Committee on Agriculture if they could have had a meeting and have given me 5 or 10 minutes to submit them.

I was very glad to hear from the gentleman from Illinois [Mr. WILLIAMS] on the floor a few minutes ago that the committee this morning agreed to change the word "substantially" to the word "unduly" in the limitation of loans provision. That is the suggestion that I made in my colloquy with the gentleman from Texas [Mr. SUMNERS] yesterday afternoon. It is a worth-while improvement.

I say that all of these amendments I expect to offer this afternoon, with but one exception, are in that class; strictly in harmony with the intent and purpose of the committee which drew the bill. I do hope that when it comes to voting on them the membership will vote upon the merits or demerits of each as they see them rather than simply as a matter of mob psychology by way of general support of any measure that may be introduced, or in opposition to any attempt to change it.

The fear that has been in the minds of some of us, as I indicated yesterday, is the question as to whether the export surplus crops are entirely within the picture of this bill. I believe that they are. I am confident that it was the intent of the committee to keep them in mind, and all I am doing by this amendment is to propose, by way of supplementary guidance, just an addition of three or four words, or, rather, phrases, which will operate as showing the legislative intent to do so. I am simply providing that the protection, control, and stabilization of the current of commodities in interstate commerce shall be aided by this board, not only in preventing and controlling surpluses but also in marketing them through efficient selling methods. When you take the words "preventing and controlling surpluses" as they appear in the bill as reported, there is a sort of feeling coming to some of us, possibly because of extreme caution, that the legislative instruction might be construed so that their main job is that of preventing and controlling a surplus in the sense that the word "controlling" might be deemed preventing. I understand that the committee has had a great deal of discussion and has been unable to agree in their various deliberations upon this word "controlling" as to just how it will be construed. I am not concerned with that now, except to the extent that I would like to have it clarified so that there is no question but that the word "controlling," as used in that section, will mean that the board may, in its discretion, in the protection and control of farm products in commerce, have the power to assist in the marketing of any agricultural commodity through orderly marketing.

I sincerely hope that some of the members of the committee who speak with authority will be able to say that they have no objection to this amendment. You accepted the amendment that I proposed on the floor yesterday. This is offered in the utmost good faith. I believe it is of some considerable importance.

The CHAIRMAN. The time of the gentleman from North Dakota has expired. The question is on the amendment offered by the gentleman from North Dakota.

The amendment was rejected.

Mr. LARSEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LARSEN: Page 2, line 10, after the semicolon, insert "by providing for the cooperative purchasing of agricultural supplies and equipment."

Mr. ADKINS. Mr. Chairman, I make the point of order upon the amendment. It does not seem to me that that is germane to the whole intent and purpose of this clause. This is for the handling of agricultural commodities and not for the purpose of dealing in threshing machines and fertilizers and things of that sort. It does not seem to me that the proposed amendment is germane to the paragraph under consideration.

The CHAIRMAN. Does the gentleman from Georgia care to be heard upon the point of order?

Mr. LARSEN. Mr. Chairman, I offered this same amendment before the committee a few days ago, and the gentleman from Illinois did not suggest at that time that the amendment was not in order, nor did anyone else. I think the gentleman was present when we voted on the amendment. Also at that time I was ready to offer and shall offer at this time, if this amendment be held not in order, an amendment to the caption of the bill which certainly would make it in order, and, if necessary, I shall withdraw this amendment now and offer that.

Mr. HAUGEN. Mr. Chairman, I believe it is fair to state that no point of order was made at the time the amendment was offered in committee.

Mr. LARSEN. I had pending at that time, and expected to introduce, and, if necessary, will introduce it at this time, an amendment to the caption of the bill which certainly will make it in order. That amendment would add after the word "promote" in the caption of the bill the words "production and effective merchandising of agricultural commodities." This would fix the purpose of the bill.

Now, if I understand the provisions of the bill, it does quite a good many things besides affecting the merchandising of the agricultural commodities. One of its purposes is stated to be to place agriculture on a basis of economic equality with other industries. Now, under that term, "economic equality with other industries," I think might be included the production part of the program. Certainly it is necessary for any manufacturing establishment to look to its production end of the business; otherwise there would be nothing to market; and under the very terms of this bill, as already contained in the caption, it is declared to be one of its purposes to place agriculture on a basis of economic equality with other industries. Unless we look to the production end of it we could not place agriculture on an economic basis with any other industry.

The CHAIRMAN. The Chair is ready to rule. In this paragraph containing the declaration of policy it is declared to be the aim of the legislation to accomplish several objects. This amendment adds one along the general line, at least. It seems to the Chair, that it is germane. Whether the committee desires to incorporate it in the paragraph or not is another matter. That is not for the Chair to decide. The Chair overrules the point of order.

Mr. LARSEN. Mr. Chairman and ladies and gentlemen of the committee, I want it distinctly understood that I shall vote for this bill. I voted to report the bill out of committee, and I shall vote for its passage in the House. I now state to the House, as I stated last Friday in the discussion of the bill in general debate, that the bill does not meet in toto my idea of what it should contain to relieve the agricultural situation. I offered before the committee the same amendment that I am offering now. It is only fair to say to the House that the committee voted it down, but in doing so several members of the committee were generous enough to say that it was only a question of time, in their opinion, when we would have to adopt this amendment. I simply ask you to adopt it to-day as a part of this bill. Such provisions are in operation in many States now and have been in effect in Europe for many years. There is hardly a country of continental Europe to-day that does not aid in the production in the same way that this bill would permit if this amendment is adopted. The scheme I am asking you to adopt is known as the Rochdale plan. It has been in operation in England many years. It is now in operation in many States of this Union. It was advocated before the Committee on Agriculture by Mr. Hull, of Indiana, a gentleman for whom I have the very highest regard. I think he possesses unusual ability. He came before the committee and stated that he was the general manager of the purchasing department of the Indiana Farm Bureau, and stated that the bureau was using this system of production at that time. He said they had found it exceptionally advantageous and asked that it be included in this bill. He also says there are two organizations in the State of New York, both of which are doing the same thing, and that each is doing a business in excess of \$10,000,000 annually. He told us that the same plan was being pursued in Ohio, in Michigan, and in several other States, and that they had all found it highly satisfactory.

Now, let us see what the conditions are that make it necessary for us to put such authority in the bill. The prices which the farmer received for his product for the five years, 1910 to 1914, were only 34 per cent lower than the prices he receives to-day. In other words, the price of farm products in this country are on an average 34 per cent higher at this time than they were in the period from 1910 to 1914. But what is the price of the products that the farmer purchases? Those products are

to-day 57 per cent higher in price than they were in the five years preceding 1914. The farmers all over this country have complained and are now complaining that they must purchase in a protected market. The main complaint of the farmer is that he has to pay too much for the products that he has to purchase.

Now, gentlemen, this proposed provision of the bill, if incorporated in it, is simply to enable the farmer to purchase his commodities at a considerably less price than he can purchase them at this time.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LARSEN. May I have five additional minutes?

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LARSEN. Now, here are some of the things that Mr. Hull said they were actually accomplishing. He said:

We made a contract with the Standard Oil Co. for the needs of our members in Indiana, and immediately saved them, on the terms of that contract, 16 cents a gallon on the purchase of lubricating oil, which amounted again to something like 30 per cent of their cost price of that commodity that they were buying.

We made a contract with the Dunham Culter Packing Co. for our requirements of culter packers for Indiana, and on the terms of that contract reduced the purchase price to the farmer from \$95 to \$69 apiece on those machines. We have the information that under the present cost of distribution—I believe the International Harvester Co. have made the statement; some of the large implement companies have—that it is costing them at the present time something like 45 per cent of the consumer's purchase price of their farm machinery to get it from the factory out to the farmer.

Gentlemen, the witness who testified before us said they were purchasing each year in this way and that the cooperative associations by this system of cooperative purchasing are aiding the farmers and reducing the cost of such commodities something like 30 per cent.

Suppose the farmers of this Nation could all have such benefit. Take fertilizer, for instance. God knows that is an important item in many sections of this country. Listen to what the Federal Trade Commission said happened as to fertilizer some years ago. The Federal Trade Commission said that the cost of fertilizer had been reduced from 30 to 35 per cent. How? By the method of cooperative buying.

The difficulty is, gentlemen, that these cooperative associations do not have anything to advance to their members to produce crops. The consumers of this country want to see production and want to get the products as cheaply as possible, but if it costs the farmer 35 per cent more than necessary to produce, how is the consumer going to get a cheaper product? All that I am asking under the provisions of this amendment is that this board may loan to cooperatives for productive purposes, and I want you to remember that there is nothing in this act anywhere that says that the board must do anything. The amendment simply says that the board may, if it finds it advisable, make advancements to these cooperative associations, and thus the cooperative associations may thereby be enabled to make advances to their members and thereby aid in cheaper production.

We have in another provision of this bill an item which authorizes the Government to lend money to these cooperative associations to go out and get memberships in the organizations. Can you imagine anything that would be a greater inducement for a man to join a cooperative association than to know that by so doing he might be enabled to borrow a little money to purchase his farm machinery or to purchase other supplies, such as oil or tractors or fertilizer, at something like 30 per cent cheaper than these products could be otherwise purchased.

Now, who is hurt by this? Nobody is hurt and everybody is benefited.

Mr. FULMER. Will the gentleman yield?

Mr. LARSEN. Yes; certainly.

Mr. FULMER. Under the gentleman's scheme he is not proposing to interfere in any way whatever with any retail business, but it is a matter of giving the farmer a bargaining power to buy certain supplies that he really has to have in producing his crops, like fertilizer and certain high-priced machinery, for which he now pays a tremendous price.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LARSEN. Mr. Chairman, this is an important matter. I think it is the very heart of the bill and I would like to ask the indulgence of the committee for an additional five minutes.

Mr. PURNELL. Mr. Chairman, reserving the right to object, and I shall not object, but I do hope we can make progress in

the consideration of the bill and that gentlemen will not ask for an additional extension of time.

Mr. LARSEN. I would suggest to the gentleman from Indiana that we will make progress now if no one will make a speech against my amendment. We will then be ready to vote very soon on the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LARSEN. In reply to the gentleman from South Carolina [Mr. FULMER], I would say that is exactly what we propose to do. The witness who appeared before the committee distinctly stated they did not want to go into a general merchandising proposition, but they simply wanted the board to have authority to advance money to them so that they could make small loans to members through the association. I believe they purchase for the members, the members simply coming in and giving their orders, and they purchase heavy machinery, gas, oil, fertilizer, and such commodities as they may need, and do so at greatly reduced prices by buying collectively and cooperatively.

Now, gentlemen, there is a spread of 23 per cent between the 34 per cent advance on the farmer's products and the 57 per cent advance on the commodities that he buys since the 5-year period from 1910 to 1914 and now. If we do not do anything else except to wipe out that 23 per cent which is the differential between those figures, and obtain for the farmer that equality, we will have done a great deal.

There is nothing mandatory about this. If the board does not think it advisable, the board does not have to adopt it, but for God's sake let us give the board some authority.

When Mr. Hyde, your able Secretary of Agriculture, came before the committee he said, "I favor a board with broad and comprehensive powers." So do I, and therefore I would not create a board and at the same time hogtie it so that it would not have any power to function for the relief of agriculture. Unless this board functions, I tell you, my friends, the farmer will get very little out of this bill. [Applause.]

The cooperative associations and the farmers are entitled to liberal loans for production purposes. The consumer of this country is entitled to get products as cheaply as possible. We are all interested in it, and I think, my friends, we ought to adopt the amendment.

It is in accordance with the platforms of both great political parties.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. LARSEN. Yes.

Mr. OLIVER of Alabama. It will serve to enable the cooperative associations to buy more cheaply for their members and thereby will be an inducement for those on the outside to come in, will it not?

Mr. LARSEN. That is what I stated, and, mind you, it is proposed that the Government shall loan money for that very purpose.

Mr. WILLIAM E. HULL. I do not understand why this arrangement would not interfere with retail business. If you could in this way buy a threshing machine for 25 per cent or 10 per cent less than you can buy it from the regular dealer, and sell it to your members at this lower price, why would not the retailer in the future have to meet that price?

Mr. LARSEN. The retailer should then sell to people who are not in the association. We are not now trying to take care of the retail merchants of the country, we are trying to take care of the agricultural interests. I admit the gentleman in some instances may be correct, but which do you want to serve? "Choose you this day whom ye will serve." Will you serve the merchant or the farmer? Tell me by your vote on this amendment.

Mr. WILLIAM E. HULL. Does the gentleman think it is good policy to put all the merchants out of business?

Mr. LARSEN. No; I do not.

Mr. WILLIAM E. HULL. Why do you propose something that will put him out of business?

Mr. LARSEN. It will not put him out of business. It has not put them out of business in Indiana, has it? Or in New York, or Michigan, or Ohio?

Mr. WILLIAM E. HULL. It seems absolutely impossible to put the organization in the way of buying merchandise without putting the retailer out of business.

Mr. BRAND of Ohio. Will the gentleman yield?

Mr. LARSEN. I yield.

Mr. BRAND of Ohio. Does the gentleman think that the cooperative marketing associations in borrowing money under the provisions of this bill would be prohibited from continuing their operations in buying commodities for the farmers?

Mr. LARSEN. As the bill is written they would not be authorized to do it.

Mr. BRAND of Ohio. If they were working under their own capital would they not be authorized to do it?

Mr. LARSEN. The board would not be permitted under the provisions of the bill, and that is admitted by every member of the committee—they would not be permitted to make advances to cooperative associations for that purpose.

Mr. BRAND of Ohio. Could they not use their own capital?

Mr. LARSEN. If they had the capital they would not be here trying to get such loans and we would not have to make provision for organizing them. If they are not able to organize without the bill how are they going to advance money to members of the association?

Let me say this: This system has been in vogue in European countries for years and there are retail merchants all over Europe. There are retail merchants in the city of New York, and yet there are two organizations in that State doing a business of \$20,000,000 a year. The same thing is true in Indiana where they have done it for years and it has proven satisfactory.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. PURNELL. Mr. Chairman, I shall only take two or three minutes. This bill is a cooperative marketing bill and not a cooperative purchasing bill. The committee had some testimony, largely from my own State, showing the advantages that have been gained by farmers through organization in cooperative buying of certain commodities. While we had great sympathy with the plan now in operation in a number of States, the committee felt, after careful consideration of the subject, which was a new one, that we should have more time to go into it; that the business of purchasing cooperatively with money out of the Federal Treasury, the taxpayers' money, necessitated our going into it much more fully.

In our State I want to say for the benefit of the House that great strides have been made in cooperative buying, but they are using their own money just as they are in other States. To incorporate a provision in this bill authorizing cooperative associations to take out of the Federal revolving fund of \$500,000,000 the money with which to carry on their business with the threat that it would hold over established mercantile business is a dangerous thing to undertake, and not until we give the matter more thorough and complete study do we want to do it.

Now, Mr. Chairman, I said in the beginning that this is a cooperative marketing bill and not a purchasing bill, and that is true. This is not the only farm relief measure we expect to enact at this special session. If later on at this session, or in December, when the committee has had time to give the matter consideration, we feel that the subject should be presented to the House for consideration, I am sure it will be done. I hope the amendment will not be agreed to at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. LARSEN) there were 31 ayes and 101 noes.

So the amendment was rejected.

Mr. HILL of Alabama. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 2, line 8, after the article "a," insert the word "coordinated."

Mr. HILL of Alabama. Mr. Chairman, the amendment which I offer speaks for itself. Its purpose and intent are patent on the face of it. I desire to use my time to address myself to a more important matter of farm relief.

It is impossible for me to express my deep regret and keen disappointment that President Hoover in his message to this Congress called to give farm relief did not even mention Muscle Shoals, nor did he use the word "fertilizer" in a single sentence of his farm relief message. My disappointment at Mr. Hoover's silence with reference to giving fertilizer farm relief at Muscle Shoals turns into astonishment when the President is not silent with respect to his disapproval and opposition to the debenture plan proposed for farm relief. It is amazing that the President can be so vocal and come out so squarely against the debenture plan and be so silent on the Muscle Shoals fertilizer relief plan.

No farm relief provided in the bill before the House will ever give to the South the farm relief which the bill introduced by my colleague, Mr. WRIGHT, of Georgia, and known as the Madden bill, will give to the fertilizer-using farmers of the Southern States.

Mr. Chairman and gentlemen of the committee, would it have been too much to expect that Mr. Hoover in his farm

relief message would say to Congress that Woodrow Wilson had a true vision and correct conception of the needs of his country when he let it be known to the leaders of Congress that the national defense act of 1916 should provide for the production of nitrates needed in time of war and necessary in the manufacture of fertilizers in time of peace? Would it have been too much to expect that Mr. Hoover, who was Woodrow Wilson's Food Administrator during the war, would commend his chief for ordering Muscle Shoals built under section 124 of the national defense act? Would it have been too much to expect of Mr. Hoover before he prepared his farm relief message to request Members of the House from North Carolina, with a fertilizer bill last year of about \$40,000,000; to send for Mr. WRIGHT and Mr. LARSEN and other Members from Georgia, with a fertilizer bill last year of nearly \$28,000,000; to ask the Members of the House from Florida, with a fertilizer bill last year of about \$15,000,000; to send for Mr. FULMER, of the Committee on Agriculture; Mr. McSWAIN, of the Committee on Military Affairs; and other Members from the State of South Carolina, the record fertilizer bill in which State for the single year of 1920 was over \$52,000,000; to send for the Members of the House from Tennessee and Alabama, so vitally interested; and to ask other Members from Southern States into a conference and discuss with them what should be done with Muscle Shoals and how Muscle Shoals could best serve southern farmers in getting them concentrated fertilizers for plant food at reduced cost? Would it have been too much to expect that Mr. Hoover would do these things with reference to fertilizer farm relief at Muscle Shoals in view of the President's own published statements? From a most remarkable address, delivered by Mr. Hoover at Seattle, Wash., in 1926, and which was distributed as a campaign document, I read to the committee the following:

There are no more bitter quarrels that develop among our people than quarrels in respect to water. They quickly get from the realm of engineering into the realm of emotion and the realm of politics. Litigation and politics create feeling, but they don't create water supply. The largest part of all these conflicts and quarrels can be settled by the steam shovels and the pouring of cement. It is better that we spend our money on these rather than upon lawyers and politics. And much of this tremendous waste in emotion and politics and litigation would disappear if we had definite coordinated national plans and organization for the development of our water resources.

With this statement by Mr. Hoover, would it have been too much to expect that he call a conference of the Members of the House from the Southern States and say to them, "Gentlemen, let us pour cement at Cove Creek and stop our quarrels about it"? With this statement by Mr. Hoover, would it have been too much to expect that he would say to the Members of the House from the South so vitally interested in fertilizer: "Gentlemen, let us get out of the realm of emotion and the realm of politics, and let us get in the realm of engineering, and let us during the special session pass a bill that will put Muscle Shoals to work for the farmers of this country"?

If he had invited Members of this House representing the South to such a common-sense conference, I believe we would have called his attention to what he set forth in his testimony before the Joint Committee on Muscle Shoals in March, 1926. Mr. Hoover stated to the joint committee what he said he had set down as the general headlines under which bids for Muscle Shoals should be formulated. From the hearings I read these general headlines set down by Mr. Hoover, as follows:

First. A 50-year lease upon the property.

Second. The minimum amount of fixed nitrogen to be produced annually.

Third. Undertaking to limit profits on the sale of nitrogen or fertilizer.

Fourth. Minimum annual sum to be paid to the Government for the lease of the properties as they now stand.

Fifth. Maintenance of the plant for national defense, in addition at all times to producing the minimum amount of fixed nitrogen.

Sixth. Method of distribution of power which is not required for fertilizer manufacturing.

Seventh. Net annual sum to be paid to the Government in consideration for the erection of Dam No. 3.

Eighth. Provision for further minimum payment to the Government for increased water power at Dam No. 2 or Dam No. 3 by virtue of the increased primary power from the storage of water up the river.

Ninth. Provision for maintenance of proper supply of power to the locks.

Tenth. Penalties for nonperformance.

I feel certain if Mr. Hoover had given the Representatives in this House from Southern States an opportunity to advise with him they would have stated to him that the Madden bill filled

every specification and condition which he enumerated before the joint committee except one, and that is the provision for further minimum payments to the Government for increased primary power at the Wilson Dam and Dam No. 3 due to the regulated flow from the storage water at Cove Creek. We would have told Mr. Hoover that no such charge should be made for the storage water at Cove Creek, and we would have pointed out to him that a former chief justice of the Supreme Court of Tennessee and later a Senator from Tennessee, the Hon. John K. Shields, had stated in an opinion which he furnished to Judge HULL, of Tennessee, a Member of this House, that the proposal of the 13 power companies to pay \$20 a horsepower-year, or a minimum of \$1,800,000 annually, at the Wilson Dam and Dam 3 for the storage water from Cove Creek was "without consideration and is void and unenforceable," and we would have told the President that Judge Shields further said:

These waters and the right to receive compensation for their value and benefits belong to the States and the people of Tennessee and Alabama, and they have the sole and exclusive right to receive the revenues from them.

If Mr. Hoover had invited us to such a conference we would have clearly explained that for the Government to make a charge for the headwater benefits from Cove Creek would increase the cost of the farmers' fertilizer at Muscle Shoals, and would be a tax needlessly increasing the cost of utility power to the masses of the people who consume it. We would have pointed out that under the provisions of the Madden bill, Cove Creek pays its own way, and we would have contrasted such an exorbitant and unnecessary charge by the Government on account of Cove Creek benefits with the very liberal and generous terms of the Boulder Dam bill.

Referring to the proposal of the 13 power companies to make additional payments at Muscle Shoals to the Government on account of the benefits from Cove Creek, the Dearborn Independent, in an editorial published in January, 1927, and giving, of course, the views of Henry Ford, expressed confidence in President Coolidge in these words:

We still refuse to believe that the President will approve any offer for Muscle Shoals that will permit such unfair and unnecessary capitalization or that will permit bankers to collect interest from power consumers on the regulated flow of the Tennessee River to the tune of \$1,800,000 annually.

In this same editorial, referring to Mr. Hoover's Seattle address, we find this:

At Seattle, Secretary Hoover, discussing a national policy for the development of our water resources, cited the Tennessee and Cumberland Rivers, where, he said, with adequate headwater storage provided there can be developed 3,000,000 horsepower. The Secretary of Commerce truly said: "The devotion of a large part of the power which could be created here for the electrochemical industry is a national necessity for industry, agriculture, and for defense."

This statement goes to the root of the national problems before the President and Congress on the Tennessee River. * * *

And then the editorial asks how a large part of this power on the Tennessee River is to be devoted to the electrochemical industry when the power companies demand all the dams on the Tennessee, "and they demand all of them," says the Independent. Further referring, of course, to Mr. Coolidge, the Independent says:

The President must now make his choice between the power combine and the welfare of the Nation, and Congress must decide whether it will stand on the side of the power barons * * * or on the side of the farmers of the country who pay high prices for fertilizers.

President Hoover must now make his choice, and the Seventy-first Congress now in special session, must decide whether it will stand on the side of the power barons or "on the side of the farmers who pay high prices for fertilizers." Will the President make his choice and will Congress at this special session make its decision?

These quotations from the Independent, undoubtedly giving Henry Ford's views, make me believe that President Hoover, during this special session of Congress, will advise with Henry Ford and his chief engineer, W. B. Mayo, before he decides not to support the Wright-Madden bill which proposes a better offer than Henry Ford's for Muscle Shoals. The Dearborn Independent says this about Henry Ford's offer:

Henry Ford made an honest offer which at one stroke proved that Muscle Shoals could be completed by private or public capital, and he guaranteed to produce fertilizers.

I feel that it is appropriate, and Mr. Chairman, I believe the committee will approve my reading into the Record Woodrow Wilson's letter written more than 11 years ago to Secretary of

War Baker, directing him to proceed with the construction of Dam No. 2, the great dam at Muscle Shoals, under section 124 of the national defense act.

THE WHITE HOUSE,
Washington, February 23, 1918.

MY DEAR MR. SECRETARY: I refer to section 124 of the national defense act of June 3, 1916, authorizing the President to determine the best means and adopt the most advantageous projects for the production of nitrates, and appropriating the sum of \$20,000,000 for that purpose. Of this appropriation I am advised that there is an available unallotted balance of \$13,785,000.

The completion of dam and power house No. 2, at the Muscle Shoals on the Tennessee River, as designed and projected by your department, is, in my judgment, of vital importance in accomplishing the purpose of the law. I should be pleased, therefore, to have you allot to that work all of the aforesaid balance, after deducting the sum of \$400,000 which I understand will be required for the purchase of land required in connection with another project.

Cordially and faithfully yours,

WOODROW WILSON.

HON. NEWTON D. BAKER,

The Secretary of War.

Now, gentlemen of the committee, contrast the patriotic purpose of Woodrow Wilson to safeguard the national defense of this country in time of war, and his desire to give fertilizer farm relief in time of peace, with the idle nitrate plant at Muscle Shoals and with 88 per cent of the available power at the Wilson Dam going to waste during the last calendar year.

The Wright-Madden bill carries out the patriotic purpose of Woodrow Wilson, and also carries out the views of President Hoover when he truly said in his Seattle speech that the use of a large part of the power on the Tennessee River in the electrochemical industry "is a national necessity for agriculture and for defense."

If our great war President was alive I believe he would advise his war-time food administrator, Herbert Hoover, now the President of our country, that we have no domestic supply of nitrates for national defense and for fertilizers, that the electrochemical industry should be fostered and favored on the Tennessee River, and that the Madden bill should be passed at this special session of Congress in behalf of national defense and fertilizer farm relief.

According to the figures of the National Automobile Chamber of Commerce, the cost of operation and maintenance of farm-owned motor vehicles in Alabama is \$20,000,000 a year, and the cost of fertilizers purchased by the farmers in Alabama is over \$21,000,000 a year.

The cost of operation and maintenance of farm-owned motor vehicles in Florida is about \$11,000,000 a year, and the fertilizer bill of Florida farmers is \$15,000,000 a year.

The cost of operation and maintenance of farm-owned motor vehicles in Georgia is about \$25,000,000 a year, and the fertilizer bill of Georgia farmers is \$28,000,000 a year.

The cost of operation and maintenance of farm-owned motor vehicles in North Carolina is about \$32,000,000 a year, and the annual fertilizer bill of North Carolina farmers is about \$40,000,000.

Since Henry Ford made his offer for Muscle Shoals in 1921 Alabama farmers have paid fertilizer bills for seven fertilizer seasons, aggregating more than \$130,000,000; or, in other words, Alabama farmers have paid bills for fertilizers since 1921 that equal the total cost to the Government of nitrate plants Nos. 1 and 2 and the Wilson Dam, with powerhouse and locks, amounting to more than \$128,000,000.

The fertilizer bills paid by North Carolina farmers since 1921, including 1928, have amounted to approximately \$240,000,000, which shows that the farmers of North Carolina in seven years have paid fertilizer bills amounting to more than the combined total cost of the nitrate plants and the Wilson Dam, amounting to about \$130,000,000, and the cost of the Old Hickory powder plant near Nashville, amounting to about \$86,000,000.

The annual fertilizer bill paid by the farmers of North Carolina and Alabama exceeds the annual appropriations made by Congress for all of the rivers and harbors of our country.

Alabama's fertilizer bill of more than \$21,000,000 last year was more than \$3,000,000 in excess of the total appropriations of \$17,500,000 made in 100 years for the improvement of navigation, maintenance, and operation on the Tennessee River and its tributaries.

The total fertilizer bills paid in 1928 by the farmers of Alabama, Georgia, North Carolina, and Florida amount to more than \$100,000,000. The appropriations by Congress in the past 100 years for the total cost of the navigation improvement, maintenance, and operation of the Tennessee and Cumberland

Rivers, with their tributaries, the Coosa-Alabama, the Tombigbee, Warrior, and Chattahoochee Rivers, amount to about \$97,000,000. So we see that the farmers of these four States have paid a fertilizer bill of more than \$100,000,000 in one year, and the Government in 100 years has spent only about \$97,000,000 on this group of rivers.

If the Government makes no more progress in the improvement of the navigation of these five rivers in the next century than it has in the last, it will require several centuries to complete the improvement of the navigation on these rivers.

The fertilizer bill paid by the farmers of Alabama, Georgia, North Carolina, South Carolina, and Florida for the single year 1928 amounted to about \$122,000,000, while the total cost of the navigation improvement, maintenance, and operation of the Ohio River and tributaries, excluding, of course, the Tennessee and Cumberland Rivers, amounted to approximately \$125,000,000 in 100 years. The navigation improvement of the Ohio will be completed during the present year.

In conclusion, if we go back to 1881, we find that Henry Grady, the South's prophet of rehabilitation after the war between the States, said that the increase in the cotton crop was brought about by the use of commercial fertilizers, and, if we go back to 1927, we find that Martin Madden, standing on the floor of this House, said:

The farmers ask fertilizer relief at Muscle Shoals. They have a right to ask it; in fact, we have promised it to them, and now let us fulfill our promise by accepting the Cyanamid Co.'s offer.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

Mr. HAUGEN. Mr. Chairman, we have been considering this bill now for nearly two hours and not a single word has been read.

Mr. HILL of Alabama. We have plenty of time. There will be to-morrow and Friday and Saturday.

Mr. HAUGEN. We have had five days of general debate.

Mr. HILL of Alabama. This is the first time that I have said anything on the bill. I hope the gentleman will not object.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. I object.

The CHAIRMAN. The gentleman from New York objects. The question is on the amendment offered by the gentleman from Alabama.

The question was taken, and the amendment was rejected.

Mr. PATTERSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PATTERSON: Page 2, line 3, after the word "products," insert a comma and add "and insuring the producers fair prices for their commodities."

Mr. PATTERSON. Mr. Chairman and members of the committee, I shall address myself for two or three minutes to the bill and the amendment which I have offered. I do not wish to hamper and delay the bill, but I feel that the amendment that I have offered is in direct harmony with the expression stated on the floor by both sides of the House in discussing this measure. I fear very much to leave this bill in its present form, since we are not directing the board to do much. I think we should make it clear what we have in mind and that the board can not only stabilize prices but can insure the farmers advantageous prices for their commodities. I do not desire to hamper the President of the United States in carrying out this measure or the board in carrying out its policies or the mandates of Congress, but I feel that it will be good for this Congress to go on record as having in mind that it is the intention of the Congress in this bill, if it becomes a law, to allow this board to have the power to not only stabilize prices and conditions but make an effort to insure the producers such prices that will enable them to be on an economic basis with other industries. The board might then recommend further legislation on this point. It may be that the board might be able to take some steps they would not take now if they were appealed to in a crisis, and I fear very much that this bill when it is passed will be disappointing to the small producers. Prices fall so rapidly sometimes that the board would not be able to take steps to stay the price falling until the small farmers—cotton farmers and wheat farmers and corn growers—would be absolutely ruined and their part of the crop be out of their hands before the board could take any action under the present policy. I appeal to this House and the distinguished chairman of this committee to adopt this amend-

ment. I have made it purposely conservative. I do not want to make it radical, but I do hope that whatever law we write here will give the farmer real help which will put him on an economic equality with other industries. I fear this bill in its present form will not do for the farmer what he expects and deserves.

Mr. HAUGEN. Mr. Chairman, I believe the powers of the board are as broad as can and should be made. They are to place agriculture on an equality with industry and to maintain advantageous domestic markets, so as to prevent the surplus from unduly depressing the price of the commodity, in other words to make the tariff effective. It is left to the producers in cooperation with the board to establish their own plan, and to market in their own way. Much has been said about the equalization plan. We have dropped that. Anyone who has carefully studied the bill knows that it will be in the power of the board and the producers themselves to establish an equalization plan—not an equalization-fee plan, but an equalization plan. You can not affect the domestic market to advantage without equalizing the benefits and dealing fairly with all.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

The question was taken, and the amendment was rejected.

Mr. ALLGOOD. Mr. Chairman, I offer a perfecting amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: Page 2, line 1, after the word "current," insert the words "and flow."

Mr. ALLGOOD. Mr. Chairman, this is just a perfecting amendment. I do not care to take up the time of the House. The word "current" indicates direction or tendency and the word "flow" means volume. This indicates what shall go into the cooperative.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

The question was taken, and the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: Page 1, lines 5 and 6, after the word "so" in line 5, strike out "that the industry of agriculture will be placed" and insert in lieu thereof the following: "as to assist in placing agriculture."

Mr. McFADDEN. Mr. Chairman and Members of the House, I have no desire to take up unduly the time of the House in connection with this matter. I have given some serious consideration, however, to this bill, and I have a series of amendments which would greatly improve the bill. I realize, however, that the machine is set to pass this bill and not to accept any amendments even of so vital importance as those I shall propose.

If this amendment should be adopted, at the proper time during the consideration of the bill I would also offer an amendment to the title of the bill. In other words, I would strike out the whole title and insert this language. I would amend the title to read as follows:

To establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to assist in placing agriculture on a basis of economic equality with other industries.

It is my conviction that it is undignified for the Congress to overstate the contemplated effect of legislation. No one can successfully contend the proposed Federal farm board created under this act, or any other single act, can or will "place agriculture on a basis of economic equality with other industries." Hence the bill offered should not so state. It should read, "and to assist in placing agriculture on a basis of economic equality with other industries."

The bill as offered is subject to the same just criticism as the farm loan and intermediate credit acts. Those laws reflect first conceiving of a mechanism for distribution of credit aid and then the making of the law to fit such mechanism. As a majority of those in distress were not members of the adopted mechanism, there has been for years no end of promotion to bring them in, but it has not been accomplished and never will be accomplished. The conditions precedent are impossible of actual application in many large sections of the country. The result is that the farmers of whole, large, important agricultural States have never received a loan through the intermediate credit banks. Those loans have gone to specialty cooperatives

in highly specializing single commodity communities. The great majority of farmers could not and can not attain unto such credits.

It is now proposed in this bill to repeat and enlarge on that experiment. The same mechanism, known as cooperative associations, is adopted as the sole mechanism for distribution of aid, which means that these cooperatives only may receive aid. Their membership is a minority of the group or class in distress. Hence if we are to create a fund of half a billion dollars for them, representing less than a third, shall we cling to this pet mechanism, even if so doing requires in fairness that we now set up at least a billion-dollar fund for those who are not—and because of conditions in diversified farming effort can not become—members of such congressionally favored mechanism? It is to avoid, so far as possible, the unjustness which will result if changes are not made in this bill that I wish to offer some amendments. If adopted they provide a fair deal to the producer and the consumer, to the farm board, and to the Treasury.

Now, if this amendment that I have suggested and proposed is adopted, it will be my purpose to offer other amendments. I will state them at this time.

I propose to amend page 2, line 7, by substituting the word "business" for the word "cooperative"; and on page 2, lines 7, 8, 9, and 10, after the word "associations," in line 7, to strike out "and promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies" and insert in lieu thereof the following: "and by promoting the establishment and financing, when and to the extent private capital fails to do so and the Federal farm board deems it necessary, of an efficient farm products marketing system or systems."

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McFADDEN. May I have five minutes more?

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for five minutes more. Is there objection?

Mr. CLARKE of New York. I object.

Mr. McFADDEN. I will say that I have not taken any time on this measure heretofore.

Mr. CLARKE of New York. That is your own fault. You were over in New York making speeches.

Mr. McFADDEN. I have several amendments to this proposed law. If the gentleman wishes to cause delay, I can offer them and speak five minutes on each one, or, if more satisfactory, I shall place them in the RECORD at this point.

Additional amendments and an explanation of each are given here in chronological order, as follows:

Amendment, section 1, page 2, line 7: Strike out the word "cooperative" and insert in lieu thereof the word "business."

Now, in regard to this amendment, the word "business" should be substituted for the word "cooperative." The word "cooperative" has been so used during recent years, and it signifies such different meanings to different individuals, as to be an unstable word. At best, as used in this line of the bill, it is limiting. Beginning with the Federal land bank act and down through the intermediate credits act, we have been promoting this word. Under those acts the word has taken on significance as applied to particular kinds of associations. In agricultural literature anything from a pig club limited in competition to the members of one family to farm women's bridge clubs adopt the name. Surely we would only be misleading the farming public, less than 20 per cent of whose products are marketed directly or indirectly through or in any manner in connection with any so-called cooperative association, if we state as a declaration of public policy that we have set out to use public moneys to encourage the organization of producers into cooperative associations. That may mean anything out there on the farms! It may mean that mother, who has as much claim as father upon the term "producer," will anticipate funds to promote cooperative community charities. The attempt later in the bill to define "cooperative association" by limiting same to those associations qualified under the act approved February 18, 1922, is only another step in restricting the farm board in its effort to help.

Under the banking and credit laws we passed to relieve the farmer, we confined the relief to a class of the whole class in distress. The result has been that only the cooperatives in the highly organized commodity centers have gotten any relief or use of the credit extended. Great farming States, where diversified farming is paramount, States like New York and Pennsylvania, have never had a direct loan in the history of the bank. It would seem from such experience and others I could cite if time permitted, that if we are to rely on a farm board to lead us out of distress we should not compel it to make

the same mistake we have heretofore made. Let us declare that it is the policy of the Congress to encourage the organization of producers into business associations. Then, if the seductive word "cooperative" is omitted by any sound business organization of producers, the board will not be constrained by our declaration to pay no attention to it. The word "business" is old, is broad, has a fixed meaning in the minds of the people.

Amendment, section 1, page 2, lines 7, 8, 9, and 10: After the word "associations," in line 7, strike out "and promoting the establishment and financing of a farm-marketing system of producer-owned and producer-controlled cooperative associations and other agencies" and insert in lieu thereof the following: "and by promoting the establishment and financing, when and to the extent private capital fails to do so and the Federal farm board deems it necessary, of an efficient farm-products marketing system or systems."

What farming needs is efficient marketing of its products. Cooperative marketing has not, generally speaking, been successful. It is not known that it can be made successful even in the specialty commodities. So far as history to date discloses there are both geographical and climatological limitations on sustaining a cooperative. The taking-in of big territories has always meant death. Special climates, producing 1-crop communities and a specialty product, have seen some survivals of marketing cooperatives. Moreover, every Member of Congress knows that where diversified farming obtains it will be impossible to organize the farmers. From before the days of J. D. Brown's testimony before the House Committee on Agriculture, Sixty-eighth Congress, second session, until now, no witness has appeared who has said it could be done. The cooperative desire ran so high in these last hearings that two witnesses appeared, filled with the zeal of mastering things, to tell the committee they wanted a law passed that the American farmer might not ship his products in interstate commerce if a certain percentage of production in a given zone were in a cooperative, even of skeleton form, not to market products but to have to do with marketing by way of informing their members where was at the moment the best place to ship, which, of course, they would not know any more about than any one else if the Government news service were performing its function for all the people instead of only those who are interested for certain reasons in promoting a so-called cooperative.

In the first place, the Government should not be in the business with public money of promoting the establishment and financing of any marketing system for any group of its citizens if its citizens with private capital are operating an effective system or if its citizens with private capital will come forth and do so upon their Government declaring through the farm board or any other authorized agency what is needed. No one doubts there are faults to be found in the present system. The Federal Trade Commission has found many, the most important of which probably relate to crowded railway terminals and lack of railway belt lines, and so forth, but no Government agency has ever set up a plan of correction and said that is what is needed, and if private capital does not furnish it and operate it, then we shall lend public moneys to do so to the qualified ambitious investor and operator who will undertake it.

In every campaign for farm relief there arises some new pet phrase which for the time being is rode—until it is ridden to death. "Orderly marketing," for example, was ridden as "a storage horse," "a withholding horse," and so forth, for staples until those who knew something about the subject pointed out that irregularity of flow of staples to market was not a price-influencing factor. Finally, that truth was driven home. Now, at a time when the sympathy of every citizen is for the farmer, the new horse, "farmer-owned and farmer-controlled," is the popular mount. But, after all, what we want, and what the farmer wants, and especially the vast majority who are unorganized and always will be unorganized, is an efficient marketing system. It does not make any difference who runs it—if only it is efficient; that is, reduces wastes, operates at fair charges, serves the public well—both the producer and consumer. Therefore, why handicap the possible results which a farm board might attain by compelling it to produce the efficient marketing system through farmer-owned and farmer-controlled cooperatives?

If my amendment of this section is not sustained, then, indeed, have we again defeated the general marketing relief for farmers which we set out to obtain. If we are to have a farm board of able men, and are to expect and require results from them, why this limitation on their power and authority? Why rob them of the exercise of their judicial business judgment? Let their job be to find the way to the efficient marketing of farm products! That is a big enough job without telling them

in advance that, even if it is their judgment other, better ways are available, nevertheless their business is limited to promoting and financing producer-owned and producer-controlled cooperative associations. As to the phrase "and other agencies," tacked on to this sentence in the bill as written, no one knows that the phrase "producer owned and producer controlled" is not its modifier. The contention already of some cooperative leaders is that it is such a modifier.

Nor should we declare directly or by implication that the job is to set up one marketing system. There are no end of competing lines of products in farming. A fair deal may mean no assistance with this or that commodity already well supplied with facilities and in good hands.

Let us protect the farmers of this country, the farm board, and the Public Treasury by adopting the above amendment, declaring it is the intention of Congress that there shall be promoted the establishment and financing, when and to the extent private capital fails to do so and the Federal farm board deems it necessary, of an efficient farm-products marketing system or systems.

Amendment, section 1, page 2, line 11: After the word "controlling," insert "to the extent reasonably possible."

The same argument obtains here as in the first amendment I offered to the bill. Some have said that there is sufficient conservatism for protection of intent of the Congress to be found in the word "aiding," but that answer is unsatisfactory. The Congress must not be placed in position of declaring it will aid in accomplishing the impossible. All agree that on account of weather and many other factors, complete prevention and control of surpluses may not be had. We can, however, logically declare that it is the policy to aid in preventing and controlling, "to the extent reasonably possible," the surpluses in any agricultural commodity. If we use such honest language, we shall not later be confronted with the assertion that we promised to prevent and control surpluses.

Amendment, section 1, page 2, line 11: After the word "through," insert "assisting when and if and as the Federal farm board may deem advisable those engaged in." And also, amendment, section 1, page 2, line 12, after the word "and," insert "or."

As to these two amendments:

As worded, the eleventh and twelfth lines will be read into a promise not only to prevent and control surpluses, but also that it was to be accomplished through "orderly production and distribution," and there will be an immediate demand on the farm board to produce in practice without delay Tom Smith's and Bill Jones's idea of orderly marketing and distribution. It should be made clear it is the intention of Congress that the board should act only if, when, and as it deems advisable. Moreover, inasmuch as it may frequently happen that in a given case distribution and not production would be involved, "or" should be added to "and" between the words "production" and "distribution."

Amendment, section 1, page 2, line 12: After the word "maintain," insert "as nearly as may be."

I propose this amendment, the adding of the words "as nearly as may be" for the same reasons and with the same thought in mind I have given in support of my amendments previously offered. It may be our policy to prevent surpluses from unduly depressing prices for a commodity but the best which can be done may not at times accomplish this. Let us not make the mistake in declaring our policies of so stating them that they will be later construed into pledges of the almost impossible. Let it not later be said that we fooled either the farmers or ourselves. Adopt my amendment; insert the phrase "as nearly as may be," and the world is put on notice that in asking the farm board to carry out our policies, we have not asked, nor should the farmers expect, the impossible.

Amendment, section 3 (a), page 5, line 2: After the word "in," insert "characteristics or."

Amendment, section 3 (a), page 5, line 6: After the word "in," insert "characteristics."

I conceive that "characteristics" may be more distinguishing in a commodity than "use" or "marketing methods." The marketing methods used in given instances might be similar, and the use of the commodity for food might be the same, but nevertheless the characteristics might be so different as to justify the board in designating a given product as a separate commodity. Thus, for example, pomegranates and quinces are both used for preserves and jellies, and in many instances at least are marketed by the same general methods, but the characteristics of these fruits are dissimilar. No end of illustrations can be given. We should at least give the board its opportunity to meet grower demands for commodity classification.

Amendment, section 3 (b), page 5, line 9: After the word "cooperative," insert "and other."

Amendment, section 3 (b), page 5, line 10: After the word "associations," insert a comma and the words "and companies and other business organizations."

Amendment, section 3 (b), page 5, line 12: After the word "least," insert "four shall be producers and."

Amendment, section 3 (b), page 5, line 15: After the word "by," strike out "the cooperative" and insert in lieu thereof the word "said."

Amendment, section 3 (b), page 5, line 16: After the word "associations," insert "companies and business organizations."

In explanation of these amendments I would say that it is well known there is a division of opinion among the cooperatives as to how advisory commodity committee should be constituted. The best opinion, however, based on common sense applied to the situation, conceives of an advisory commodity committee as composed of reputedly best minds having to do with the commodity in question during its production and marketing, namely, of producers and handlers and/or processors. Now, presumably this committee will be used by the farm board to get proper viewpoint. Why, then, should all members of the committee be selected by cooperative associations? Why not invite all associations, companies, and other business organizations handling the commodity to establish, under such rules and regulations as the farm board may promulgate, the advisory committee for such commodity? It is easily conceivable that an experienced handler or processor, even if such a one accepted appointment by a cooperative association, would not feel free in giving under such circumstances his full, unbiased opinion as to the very matters concerning which the board seek knowledge and advice. There may be no particular logic in making up even the majority with producers, but I have gone further than the bill and have stated that four should be producers, because the evidence adduced before the committee clearly shows that the cooperatives at least want actual majority control of these advisory committees. If it is going to be given to them, state it in language, but make sure that the representatives of handlers and processors do in fact represent handlers and processors, so that the board can get a real cross section and view of actual opinions for its guidance.

Amendment, section 5 (b), page 7, line 9: After the word "cooperative," strike out "association" and insert, in lieu thereof, the following: "or other association or company or business organization or groups of individuals constituting a legal entity."

Amendment, section 5 (b), page 7, line 10: After the word "it," insert "or them."

Amendment, section 5 (b), page 7, line 11: After the word "in," strike out "(1)."

Amendment, section 5 (b), page 7, line 12: After the word "thereof," strike out "(2)."

Amendment, section 5 (b), page 7, line 12: After the word "thereof," strike out the semicolon and insert "including if and when deemed advisable the."

Amendment, section 5 (b), page 7, line 13: Strike out the words "the construction or."

Amendment, section 5 (b), page 7, line 13: After the word "of," insert "then existing."

Amendment, section 5 (b), page 7, line 15: After the word "products," strike out the semicolon and insert a comma.

Amendment, section 5 (b), page 7, lines 15 to 20: After the word "products," strike out "(3) the formation of clearing-house associations as hereinafter described; and (4) extending the membership of the cooperative association applying for the loan by educating the producers of the commodity handled by the association in the advantages of cooperative marketing of that commodity" and insert in lieu thereof the following: "and including the construction of storage and, where the board deems same necessary and such storage can not otherwise be had, by purchase at reasonable price or satisfactory lease at a fair rate, the finding of the board as to reasonableness of price and/or fairness of rate to be final."

Amendment, section 5 (b), page 7, line 23: Strike out the words "cooperative association applying" and insert in lieu thereof the word "applicant."

Amendment, section 5 (b3), page 8, line 13: After the word "the," strike out "cooperative association" and insert in lieu thereof the word "applicant."

Subsection (b) of section 5 as written in this bill will never meet the approval of any well-advised and fair-minded citizen. This bill provides for a revolving fund of a half billion dollars of the people's money. The people are told this is for the relief of the farmers' distress, but by this subsection (b) the farm board would be forever precluded from lending a penny of it to

anyone except so-called marketing cooperative associations. When anyone contends that even a third of the farmers of this country have any connection whatever with any cooperative marketing association he is compelled to count in the livestock shippers, who ship together to make up carloads, but sell separately through commission men, and the various bargaining associations who combine to get volume but are not marketers, and the community grain-elevator crowd, who own, as stockholders or otherwise, certain storage but who sell individually, and others; and when anyone says a fifth in value of farm products as a whole are now marketed by cooperative associations he is driven to find tonnage and livestock in output of just such classes of endeavor as I have above mentioned. All this promotion by the Government in the past 10 years of the word "cooperative" has given a temporarily false impression in the cities. For a moment it seemed that the city folk would believe the propaganda and conclude that the whole class in distress—that is, all the farmers—could be assisted or relieved through this mechanism, the cooperatives, but they are now beginning to learn the truth, and before long they will know much of the whole truth regarding this unending attempt to give all the benefit to a small part of the whole class in distress. That was done to the farmers in the intermediate credit bill. Here, again, the Government is to set up a credit with the people's money under the assertion it is for the relief of all the farmers, but it is proposed to permit only a small minority to even apply for the relief. This plan will build for farming bureaucracy in the country and political bureaucracy here. As under the intermediate credits act only the specialty farmers could gain any credit, so under this bill as worded only this same class may borrow. It is all wrong. It is further peonizing the farmers of the diversified-farming States for the benefit of the specialty producers. It is taxation without representation. It is imposing involuntary servitude on the farming mass, and, if enacted into law, will prove a precedent for a brood of similar laws for the help of the few in the name of the many.

If the object of the bill is to bring about effective marketing of farm products, and if the farm board is to be given the problem to solve, why limit the right to make applications to borrow to cooperatives, much less to certain cooperatives only? If all Christians were in financial distress, would we set up a huge Government fund and then say that only the Universalists might apply for relief? Do you think all Christians would thereupon become Universalists in order to enjoy the right to apply? If you think this comparison not applicable, just remember that in all these years since the passage of the intermediate credits act the farmers of such great farming States as New York and Pennsylvania have never had a direct loan in the history of such bank! Why? Because they could not organize to meet the conditions precedent in such legislation; and the same will be true of this legislation as now proposed. It will further help the few. It will further peonize the many if cooperative associations only are to be permitted to apply for loans. As the farm board is to be made responsible for the setting up of an effective marketing system, why not let it decide, as the cases arise, to what association, business organization, or group of individuals engaged in marketing this or that loan should be made? All are saying, "Give the board broad powers!" Every cooperative association witness before the committee asked that, but some of them, I am sorry to say, were so narrow-minded as to suggest that the fund should be made available only to cooperatives. If that is done the action will live to haunt the party that does it. It will be a paramount issue in the very next campaign. The people, when advised, have some idea of fairness and will express it. All the people will be taxed in one way or another to make up this half billion dollars and the more which promises to follow. That is giving to help, and donors must not be deceived. Do not tell the people of this country they are helping the majority of farmers by passing this bill as worded. Tell them the truth, that you are helping a special minority of the class in distress.

My amendment of this subsection proposes that any association, business organization, or group of individuals constituting a legal entity may apply for a loan to assist in the effective merchandising of agricultural commodities and food products thereof. Let the board decide where the loan of a dollar of the people's money will do the most good in promoting the purposes of the legislation.

To inform the public that the Government is not going into competing construction business I suggest the further amendment in this subsection to the effect that construction loans for storage shall be made only when such storage is deemed necessary and can not be had by purchase at reasonable price or satisfactory lease at a fair rate, the finding of the board as to reasonableness of price and/or fairness of rate to be final.

If we are to open the right to make application for loans to others than certain cooperatives, then the amendments I have suggested in line 23, page 7, and line 13, page 8, must, for consistency's sake, be adopted; that is, the substituting of the word "applicant" for the phrase "cooperative association."

Amendment, section 5 (c), page 8, lines 24 and 25: Strike out all of lines 24 and 25.

Amendment, section 5 (c), page 9, lines 1 to 22, inclusive: Strike out all of lines 1 to 22, inclusive.

The whole of subsection (c), beginning on page 8, should be omitted. If any cooperative association may borrow, then if any so-called clearing house is formed and it meets the conditions of being a cooperative, there is no need for all this subsection. It is evident to all that "clearing house" is a phrase without definition through history. Two men, a Mr. Conn, who was formerly employed by the railways and may yet have railway connections, and Mr. Lloyd Tenny, formerly of our Bureau of Agricultural Economics, suddenly appeared in California and began trying out new things in the name of cooperation. The committee was led to believe that these gentlemen had succeeded in getting together an organization which had marketing control of a large percentage of vine and tree products. Nothing could be further from the facts. Their contract did not control the product for marketing. The new contract, which they are now endeavoring to get the farmers to sign, would in a measure do so, but it is not signed, and there is no assurance it will be. Therefore, there is no history, even in one State, for any new so-called clearing-house theories. All the old theories as to any such action have failed. There could not possibly have been given importance and special attention to this so-called clearing house as appears in this bill were its lack of present importance in the farm products marketing world understood. This subsection (c) is an attempt to build up legislatively another mechanism, the pet of men promoting it in California, and thus bring it into the sunlight for especial notice by the farm board when funds are to be lent. Every other advocate of a pet scheme or mechanism is entitled to the same attention or all to no especial mention or attention in this bill. The plan envisions independent dealers, handlers, distributors, and processors in an association, presumably farmer owned and farmer controlled. If the board wishes to compel group borrowing, in order to effect proper marketing, will not the conditions of the lending prove more effectual in obtaining results than for the Congress now to set up this or that pet, but untried, plan as the child for special endeavor or favor? If the clearing house, suggested by the bill as now worded, is a cooperative, then the bill as worded has given it plenty of opportunity to borrow without especially mentioning and magnifying it.

To eliminate all of this subsection (c) is good legislation, injuring none and avoiding the pitfall of unfulfilled prophecies.

As Mr Bayard, editor of the Pennsylvania Farmer, says:

It is not possible for the Congress to establish a new marketing system by petting new and too briefly tried schemes, whether cooperative or not.

Amend the bill as I have suggested so as to give all agencies engaged in marketing an opportunity to demonstrate to the farm board that their particular plan or plans are the most effective, and then let the farm board determine where it will lend our dollars. Do not compel the board to render relief through particular mechanisms, and especially do not compel the board to favor, or suggest to it that the Congress favors, this or that pet mechanism and that it should be fostered or favored. If we have an able board, it will take care of itself and the country on such an issue as this particular one if it is not handicapped by our actions now.

Amendment, section 5 (d), page 9, line 23: Strike out "(d)" and insert "(c)."

Amendment, section 5 (c), page 9, line 24: After the word "associations" insert a comma and the words "composed solely of producers of farm products."

Amendment, section 5 (c), page 10, line 2: Strike out "the," which is the first word of said line, and insert the word "such."

Amendment, section 5 (e), page 10, line 21: Strike out "(e)" and insert "(d)."

Amendment, section 6 (a-3), page 11, line 13: After the word "cooperative" strike out "associations handling the" and insert in lieu thereof the following: "or other associations or companies or other business organizations handling the."

Amendment, section 6 (a-4), page 11, lines 17 and 18: After the word "cooperative" strike out "associations not stockholders or members of the corporation" and insert in lieu thereof the following: "or other associations and companies

and business organizations handling the commodity and not stockholders or members of the stabilization corporation."

The six amendments I last above proposed are to make the bill consistent with what has gone before under my amendments opening up the right to others than cooperatives engaged in handling and marketing to apply for loans.

Amendment, section 6 (c), page 12, line 10: After the word "become," strike out "unduly enhanced resulting in distress," and insert in lieu thereof the following: "so enhanced as to result in unfairness."

This proposed amendment should be made as an evidence of the Congress dealing fairly with the consumers, without whose cooperation in the end all these farm relief proposals will fall flat. It is not fair to them to say that withholding of food products may take place until distress to them results. We are using their money in an attempt to relieve farming distress. Shall we use it with such lack of fairness as that through its use the donors may be led to distress? No; let us be fair. The wording I suggest is "but it shall not withhold any commodity from the domestic market if the prices thereof have become so enhanced as to result in unfairness to domestic consumers." Under such a wording the Federal Trade Commission and the courts will be given their opportunity to decide on what is and what is not fair. The test will not be whether or not the consumers are in distress because of the withholding, but whether or not longer withholding in a given instance works unfairness.

Amendment, section 8 (b), page 14, lines 3 to 16: Strike out all of lines 3 to 16, inclusive, and insert in lieu thereof a comma and the words "or such other association of producers of farm products as the board may from time to time deem representative and responsible."

I suggest this amendment in the interest of the great number of cooperatives who are not organized under the act approved February 18, 1922. We are proposing relief. We should not be so married to our pet mechanism for distribution thereof as to endeavor now to compel any of the distressed to jump through the hoop we hold up. If an association is organized under any law it is an entity as fit to deal with, and with as much right before the board with its troubles, as anyone.

Amendment, section 8 (d), page 15, line 1: After the word "cooperative," insert "or other."

Amendment, section 8 (d), page 15, line 2: After the word "association" where it first appears, insert "or any company or business organization or."

Amendment, section 8 (d), page 15, line 2: After the word "corporation," strike out "clearing house association."

Amendment, section 8 (d), page 15, line 3: After the word "committee," insert "or individual."

Amendment, section 8 (d), page 15, line 5: After the word "association," insert "company, business organization, stabilization."

Amendment, section 8 (d), page 15, line 8: After the word "association," insert "company, business organization, stabilization."

Amendment, section 8 (d), page 15, line 10: After the word "thereof," insert "or any individual."

The amendments in this subsection (d), page 15, are all for the purpose of conforming to the previously offered amendments as to classes of applicants for loans. If applicants are not to be confined to cooperatives, then others working with the board and receiving information from it in confidence should all be subjected to like penalties for recited violations.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

Mr. BLACK of New York. Mr. Chairman, I have an amendment, which I offer by way of a substitute.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. BLACK of New York: Strike out all of section 1 and insert in lieu thereof the following:

"That there is hereby declared to be an emergency in the agricultural industry of the country. This is due to a surplus of certain agricultural commodities and also to a lack of a market for certain agricultural commodities.

"Sec. 2. There is hereby established a Federal farm beverage board in the Department of Agriculture to consist of three members to be appointed by the Secretary of Agriculture, they to be selected from 15 names to be presented to the Secretary of Agriculture by a convention of farm organizations and cooperative marketing associations, to be held under rules and regulations prescribed by the Secretary of Agriculture in the city of Washington, D. C., 30 days after the passage of this act.

"Sec. 3. (a) Each member of the board shall be paid an annual salary of \$15,000.

"(b) The board may make such regulations as are necessary to the functions vested in it by this act.

"(c) May (1) appoint and, in accordance with the classification act of 1923, fix the salaries of a secretary and such experts and subject to the provisions of the civil-service laws, such other officers and employees, and (2) make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as may be necessary for the execution of the functions vested in the board and as may be provided for by the Congress from time to time. All expenditures of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman.

"Sec. 4. The board may grant licenses, to expire at the end of one year from the date of issuance, to farm organizations and cooperative marketing associations for the processing and selling beer and wine containing alcohol for beverage purposes, providing such are not intoxicating in fact. The board may issue licenses for one year to farm organizations and cooperative marketing associations for the processing and selling of alcoholic beverages for medical and sacramental purposes and of industrial alcohol for farm purposes. The board shall fix the fees for such licenses and issue stamps for sale to be affixed in such denominations as the board may prescribe to containers of such alcoholic liquors on the sale thereof.

"Sec. 5. The revenue derived from licenses under this act shall be devoted to agricultural relief generally in a manner directed by the Secretary of Agriculture, providing that such money shall not be used to withdraw from the market a supply of any agricultural commodity; and further, that such revenue shall not be used to make loans or advances to any farm organization or to any cooperative marketing association or to any person or persons for the purpose of storing or carrying over or in withdrawing from the market in any way whatsoever any supply of agricultural commodities. The Secretary of Agriculture shall account to the Treasury Department annually as to receipts and expenditures under this act.

"Sec. 6. That any farm organization or any cooperative marketing association or any individual operating under this act to manufacture or sell for beverage purposes alcohol that is intoxicating in fact shall be deprived on notice from the board of any license or right to manufacture or sell any alcoholic beverage which is not an intoxicant in fact and any alcoholic beverage which is used for medicinal or sacramental purposes.

"Sec. 7. (a) The term 'not intoxicating in fact' means any beverage which, after tests conducted by 10 reputable chemists and physicians appointed by the board, shall be certified to the board by such experts as not intoxicating in fact.

"(b) The term 'cooperative and marketing association,' as used herein, means any association of producers that is operating in accordance with the act of February 18, 1922, entitled 'An act to authorize association of producers of agricultural products' which the Secretary of Agriculture certifies to the board to be a farm organization.

"Sec. 8. It shall be the duty of any governmental establishment in the executive branch of the Government, upon request by the board, or upon Executive order, to cooperate with and render assistance to the board in carrying out any of the provisions of this act and the regulations of the board. In matters concerning alcohol required herein the rulings of this board shall supersede the regulations and rulings of any governmental establishment in the executive branch of Government."

Mr. PURNELL (during the reading of the proposed amendment). Mr. Chairman, I think the reading of the amendment has proceeded far enough that we may determine whether or not it is germane, and I make the point of order that it is not germane to the bill.

The CHAIRMAN. Does the gentleman from New York care to be heard on the point of order?

Mr. BLACK. Yes, Mr. Chairman; I do.

Mr. Chairman, on June 23, 1917, the Lever Food Control Act was before this House, and an amendment was offered in the interest of conservation of grain for food purposes by the gentleman from Kentucky, Mr. BARKLEY. His amendment reads as follows:

No person shall use any food, food materials, or feed in the production of alcohol or alcoholic or nonalcoholic beverages. Any person who willfully violates this section shall, upon conviction thereof, be punished by a fine—

And so forth.

Mr. Lever, the sponsor of the Lever food control bill, offered a point of order on the Barkley amendment, and the Chair overruled the point of order.

This was the beginning of the history of prohibition in the statutes of the United States. Prohibition came to the country on a farm bill. It came to the country on a food control bill. It came to the country in order to preserve grains or cereals for food purposes by prohibiting the use of grains in alcoholic and nonalcoholic beverages.

Now, we have a farm bill before us and we have the converse of that situation, and I am offering a modification proposition on a food control bill.

The CHAIRMAN. Does the gentleman from New York desire to ask unanimous consent that his amendment be printed in the RECORD and be considered as read?

Mr. BLACK. I take it from the hint the Chair gives me the Chair is going to rule against it, and I must be practical enough to accept the situation.

The CHAIRMAN. The Chair doubts whether enough of the amendment has been read to determine whether it is subject to a point of order or not.

Mr. BLACK. I will ask unanimous consent, Mr. Chairman, that the amendment be printed in the RECORD, in lieu of being read, and that I may proceed on the discussion of the point of order.

The CHAIRMAN. And that the amendment be considered as read?

Mr. BLACK. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The proposed amendment is printed in full, supra.

Mr. BLACK. The bill before the House is plainly a bill to cut down the surplus, to provide farm stabilization and better marketing, and to provide in the long run, if you are going to do anything by this bill, a market. That is what is necessary, a market to take off this surplus. I am providing just that very thing. I am restoring the market that was put out absolutely under the prohibition statute and the Barkley amendment to the Lever Food Control Act.

Mr. HUDSON. Mr. Chairman, a point of order. Did not the Chair virtually rule that the amendment was out of order? By what right does the gentleman from New York now have the floor?

Mr. BLACK. No; the Chair has not ruled that.

The CHAIRMAN. The Chair is ready to rule.

Mr. BLACK. Let me point out that the Chair has not read the amendment, neither has the distinguished gentleman from Michigan. I will further point out that it does not provide for the sale of intoxicating beverages. If the amendment had been read in its entirety, that would have been patent. It provides that this board that I would create under this provision could issue licenses for the sale of beverages made of farm materials. [Cries of "Rule!" "Rule!"]

Wait a minute, just be gentlemen for a while. You have not had your beverages yet. [Laughter.]

It provides that this board can issue licenses for the sale of beverages made of farm materials that are not intoxicating in fact, on certification of Federal chemists.

Now, that is not any violation of the prohibition amendment or any other law.

The CHAIRMAN. As the gentleman has said, his amendment provides for the issuing of licenses for the processing or selling of beer and wine containing alcohol for beverage purposes—

Mr. BLACK. Not intoxicating in fact. [Laughter.]

The CHAIRMAN. The Chair thinks that the amendment is not germane to a farm-relief bill; it is rather a bill for the relief of thirst, and—

Mr. BLACK. If the Chair insists on being humorous about a serious proposition—

The CHAIRMAN. And the Chair sustains the point of order.

Mr. BLACK. I ask unanimous consent that I may proceed on the merits—

Mr. CLARKE of New York. I object.

Mr. BLACK. I can not stop the gentleman if he is going to object, and I can not stop the gentleman from doing a lot of other things, too.

Mr. CANNON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CANNON: On page 1, after the word "commerce" in line 5, insert "and to make the tariff effective on such commodities."

Mr. PURNELL. Mr. Chairman, I make a point of order on the amendment and ask that the Clerk may read the amendment again.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The amendment was again read by the Clerk.

Mr. PURNELL. I submit a point of order on the amendment, Mr. Chairman.

Mr. CANNON. I would be glad to know why the gentleman considers it subject to a point of order.

Mr. PURNELL. It is a tariff matter, that does not properly come before our committee, as I see it. I would not attempt to enter into a discussion with the distinguished former parliamentarian of this House upon this or any other parliamentary matter, except to say that that which he now proposes I feel sure he realizes himself is not germane to this bill.

Mr. CANNON. I have a very high regard for the opinion of the gentleman from Indiana in parliamentary matters; but unless the Chairman is convinced of the germaneness of the amendment, I would like to be heard on the point of order.

The first section of the bill now pending contains the declaration of policy. Two purposes are included in that declaration, "to promote effective merchandising" and "to protect, control, and stabilize commerce." Under the rule a general subject may be amended by specific propositions of the same class. The proposed amendment embodying a third policy, "to make the tariff effective," is another specific proposition of the same class and is therefore in order.

The CHAIRMAN. The Chair does not understand that the declaration of policy has any particular effect upon the bill, and in this paragraph containing the declaration of policy there are several different propositions. This amendment suggests one more. It seems to the Chair that the amendment is in order.

The Chair therefore overrules the point of order.

Mr. CANNON. Mr. Chairman, the reference of the gentleman from New Jersey [Mr. FORT] to the fact that after six long years of bitter disagreement on farm relief he and the gentleman from Iowa [Mr. HAUGEN] find themselves for the first time in accord on the subject is both interesting and edifying. At last the cat and the canary are together. The cat has swallowed the canary. [Laughter.]

But the gentleman from New Jersey makes another statement, a statement all the more significant because it is a plea of confession and avoidance. He fails to find in the Kansas City platform any promise to effectuate the tariff. And thereby he confesses that the tariff is not effective and denies his party promised to make it effective. And when I cite him to the pledge in the platform he wisely refrains from reading it to the House. It is nothing new for platforms to be forgotten as soon as the election is over, but let me refresh the gentleman's memory. Here is a plank from the Kansas City platform:

A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market built up under the protective policy belongs to the American farmer, and it pledges its support in legislation which will give this market to him to the full extent of his ability to supply it.

That is the first promise. And the American market to-day is dominated by the world price at Liverpool. The home market has not been built up and the American farmer has not the slightest control over either market or price. Let us read further:

We favor adequate tariff protection to such of our agricultural products as are affected by foreign competition.

That pledge in the platform applies, for example, to wheat.

Therefore, to make the pledge specific, you promise adequate tariff protection on wheat. How much protection is adequate protection?

The Tariff Board and President Coolidge said the tariff on wheat must be increased to 42 cents before it was adequate. So that is what you promised the farmer in the Kansas City platform. You promise him 42 cents a bushel above the world price. Does this bill give it to him? I yield to the gentleman from New Jersey or anyone else to point out a provision in this bill which will make it possible for the farmer to receive a tariff of 42 cents on his wheat, or any provision in the bill making the tariff effective on any other exportable agricultural commodity. This bill falls woefully short of fulfilling even the pledges made in either the Republican or Democratic platforms in the last election, much less the promises made by the candidates for the House themselves.

But I do not offer this amendment with any idea of embarrassing my Republican friends on account of their failure to give the farmer the benefit of the tariff. I am offering it because the organized agriculture of the Nation is asking for it. Representatives of every national farm organization in the United States met the week before this session opened and joined in a letter to the Committee on Agriculture in which they submitted for the consideration of the committee four fundamental provisions which they believed should be incorporated in this bill. The first request on the list is that the

tariff be made effective. And that is a very reasonable request. The farmers have been paying the tariff for years. They have paid higher prices for the necessities of life in order that labor and industry might be protected from competition with the pauper labor and industries of Europe. Is it not fair play; is it not elemental justice that the farmers in their turn should be protected from competition with the cheap labor and cheap land of foreign countries? A tariff bill is coming up in the House next week. How can you consistently increase the tariffs the farmer is paying when you refuse to make effective the tariff he already has? [Applause.]

Mr. HAUGEN. Mr. Chairman, I take it that anyone who has carefully read the bill, and especially the policy stated in the bill, will agree that the policy therein contained is identical with the policy contained in the previous bills. There has never been any discussion or difference of opinion as to the intentions of the previous declaration of policy. In this bill it provides that the industry of agriculture shall be placed on a basis of economic equality with other industries, to maintain advantageous domestic markets and prevent such surpluses from unduly depressing prices for the commodity. A good deal of time has been given by the drafting service and members of the committee to make it clear that the purpose of the bill is to make the tariff effective, and the mandate is that the policy declared shall be carried out by the board.

Mr. CANNON. The gentleman then believes that when this bill is passed the price of wheat will immediately go to 42 cents above the world price?

Mr. HAUGEN. As I stated, and as everybody knows, we are not submitting an equalization plan. We are submitting no plan, but we are giving the farmers themselves, through cooperative associations in cooperation with the board, the power to determine their own plan. Will anyone contend that any cooperative association would not resort to equalizing the price and also making the tariff effective? It can be made effective in a number of ways—through the equalization fee or through the equalization plan. It can be accomplished without any specific direction in this bill, hence we have everything in this bill that we ever had in any other bill. The McNary-Haugen bills prescribed what the plan should be, and here we say to them, "It is for you to determine what the plan should be, and if you find a better plan than the equalization plan, then adopt it," and it is written in language so clear that he who runs may read that the purpose is to make the tariff effective.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. RAYBURN. I want to ask a question with reference to the declaration of policy, and I seriously want to know the mind of the committee on this declaration of policy. In line 10, on page 2, I find this language:

And by aiding in preventing and controlling surpluses in any agricultural commodity through orderly production and distribution.

What does the committee mean by "controlling"?

Mr. HAUGEN. They are to aid in controlling so far as possible.

Mr. RAYBURN. Just one minute. I know this is a jumble of words that the committee says means to aid, but I am asking about one other word beside the word "aid." I want to know what the committee means by this term "preventing overproduction"?

Mr. HAUGEN. To do everything in its power to aid in preventing overproduction. To be frank about it, I doubt if there is any way in which it can be prevented under any law that you may pass in this Congress. It is beyond the power of the producer and it is beyond the power of Congress to do it.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I want to know how the board can prevent overproduction?

Mr. HAUGEN. I do not believe it is in the power of anybody, to be frank about it, but they can aid to the fullest extent. Perhaps they can bring it about by education, by persuading them to limit the acreage, and by a number of other methods, but they have no control over the elements.

Mr. RAYBURN. Does the chairman of the committee and his committee desire to give the board the power to control acreage?

Mr. HAUGEN. No.

Mr. RAYBURN. Does the chairman and the committee that he represents desire to give this board the power to prevent the planting of land in any sort of crops?

Mr. HAUGEN. They are not given the power, but they are instructed to aid. They may aid by suggesting and recommending a plan.

Mr. RAYBURN. Aid in doing what?

Mr. HAUGEN. In bringing about a balanced production.

Mr. RAYBURN. I am talking about the words "preventing overproduction."

Mr. HAUGEN. To aid in preventing. They may be able to persuade the producers to limit the acreage. There is a number of other things they may suggest that may possibly help.

Mr. RAYBURN. And that is the answer of the committee to the question?

Mr. HAUGEN. The answer is to aid so far as possible.

Mr. RAYBURN. And to give the board the power to prevent overproduction.

Mr. HAUGEN. To aid in the matter.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word. I now yield to the gentleman from Louisiana [Mr. ASWELL] to answer the question that I asked the gentleman from Iowa.

Mr. ASWELL. The question the gentleman asked is specifically answered in subsection (e) in section 5, and if he will read that he will get his answer.

Mr. RAYBURN. That is what I was coming to. Does the gentleman indorse the mode of preventing the production of surpluses in paragraph (e) of section 5?

Mr. ASWELL. I most emphatically do.

Mr. RAYBURN. What is the gentleman's interpretation of the meaning of the language in paragraph (e) of section 5?

Mr. ASWELL. There are certain commodities of which there is ordinarily produced a surplus. Subsection (e) merely means that if this ordinary surplus is unduly or substantially enhanced, then the board may take action.

Mr. RAYBURN. If we produce a surplus of cotton one year and the board decides that it would be best that we produce a smaller number of bales of cotton the following year, they can withdraw any aid whatever?

Mr. ASWELL. Absolutely.

Mr. RAYBURN. From cotton and beat down the price until it becomes so unprofitable to our people that they will cease to raise it?

Mr. ASWELL. If you do not do something to restrict production of surpluses, you need not have any bill.

Mr. RAYBURN. Mr. Chairman, if they are going to give this kind of power to any board or any body of men, then the bill ought not to be passed. [Applause.] If we are going to give this board, by indirection, such power, then no man upon this floor who values his reputation as a lawyer, if he be such, but knows that by direct action Congress has not the power to do that very thing; and we ought to have the courage to say it directly. You are attempting to give the Congress power to do things that no lawyer believes the Congress has a right or the power to delegate, and, if that is so, then we ought to defeat this bill, which is a mere camouflage and a subterfuge.

If the language in paragraph (e) of section 5 of this bill means what the gentleman from Louisiana says it means, it would be worse; and for the Congress of the United States to say that you can put into the hands of a board somewhere the power to say to the people of Indiana or the people of Iowa or the people of Michigan or the people of Texas, "You shall plant only certain acres to a certain crop, and no more," is to give such power to this board as will enable it to beat down and down the price of any product in this country of which we make an exportable surplus, and the result will be that the producers of that product will be forced out of production. [Applause.]

Mr. ASWELL. There is no indication that the board will try to beat down the prices of any product. It was never intended, and no language in the bill indicates that there is any intention or desire to beat down the price. They can merely withhold these loans.

Mr. RAYBURN. Would not that have the effect of beating down the price?

Mr. ASWELL. I will ask the gentleman this question: If you were writing this farm relief bill would you place anywhere the authority to control or hold down the surplus?

Mr. RAYBURN. I would never, as long as I believe in freedom and orderly government, put into any bill that I wrote or into any law of this land any power into anybody's hands which

would permit the control of the business of a man who owns 40 acres of land by telling him what he should plant.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that all debate on this section be closed in five minutes.

Mr. RAYBURN. I have obtained the information that I sought from the committee.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on this section be closed in five minutes. Is there objection?

Mr. RANKIN. I object.

Mr. WINGO. I have been trying for a week to get somebody to answer some questions I have in mind.

Mr. HAUGEN. How much time does the gentleman desire?

Mr. WINGO. Five minutes.

Mr. HAUGEN. Then, Mr. Chairman, I modify my request and make it 15 minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on this section be closed in 15 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Missouri.

Mr. WINGO. Mr. Chairman, I want to get a little information from the committee. Is the stabilization corporation authorized to buy and sell in the open market? It is not limited to its own members or to other cooperative associations?

Mr. HAUGEN. It is limited to the members. Subdivision (b) reads:

(b) The stabilization corporation for any agricultural commodity may act as a marketing agency for its stockholders or members, and upon request of the advisory commodity committee for the commodity the board is authorized to make advances to—

Then this provision is added:

No such association or corporation shall be held to be producer-owned and producer-controlled unless owned and controlled by cooperative associations as above defined and/or by individuals engaged as original producers of the agricultural commodity.

Mr. WINGO. I presume the gentleman's purpose in citing that provision is to meet the contentions that one of my friends has made, that under a well-known rule of legal construction, having provided by that paragraph the authority to handle this commodity in one way, therefore that excludes other ways, and therefore they are limited to their own members?

Mr. HAUGEN. It is to be limited to the members.

Mr. WINGO. I think the gentleman's construction is too narrow. I presume this question was discussed in the committee. Can the stabilization corporation go into the open market and buy and sell commodities as the Federal Reserve Board does bills and securities or will the corporate associations be limited to their own members or to other cooperative associations?

Mr. HAUGEN. It may—the bill provides that the stabilization corporation may act as a marketing agency for its stockholders or members. They are all cooperative associations. The gentleman will find on page 14 this provision:

Whenever in the judgment of the board the producers of any agricultural commodity are not organized into cooperative associations so extensively as to render such cooperative associations representative of the commodity, then the privileges, assistance, and authority available under this act to cooperative associations shall also be available to other associations and corporations producer owned and producer controlled and organized for and actually engaged in the marketing of the agricultural commodities—

And so forth.

Mr. WINGO. That is aside from the question I have raised. The gentleman answers that the stabilization corporations are limited to the members in buying and selling commodities.

Now, another question: By implication do you mean that this bill repeals and modifies some of the provisions of the Federal reserve act and the intermediate credit act with reference to loans to agricultural corporations or credit corporations? I understand that was discussed in the committee. The cooperative associations have now practically unlimited credit. The cooperative associations under the three acts can borrow something like \$7,000,000 or \$8,000,000. You limit the amount to \$500,000,000 in this bill. I assume this does not affect provisions of existing law I referred to.

Mr. HAUGEN. In addition to the other loaning facilities already established we provide for a \$500,000,000 authorization which shall serve as a revolving fund.

Mr. WINGO. There is another question I would like to ask the gentleman. The gentleman recognizes that anything that enhances the price of a commodity will encourage the producers of that commodity to increase the production, does he not?

Mr. HAUGEN. Oh, there is a difference of opinion about that. If they determine to equalize the price, the greater the surplus the greater the cost will be of equalizing the price—

Mr. WINGO. I am not arguing the proposition. I thought I was stating what was recognized as a truism like the law of gravity and the law of supply and demand, and I am not going to stop to argue that. If the gentleman is quarreling with the statement that anything that increases the price encourages the production of a commodity, why, I do not believe I will look to the gentleman for any further information.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. I will get the rest of my information later. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 11, noes 110.

So the amendment was rejected.

Mr. SPROUL of Kansas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SPROUL of Kansas: On page 2, lines 10 and 11, after the word "in" in line 10, strike out the words "preventing and controlling surpluses in any agricultural commodity, through."

Mr. SPROUL of Kansas. Mr. Chairman and members of the committee, as one privileged to try to represent the people in a section of one of our great agricultural States, I have endeavored as best I could to support farm legislation which, in my candid judgment, would be beneficial to the producing farmers of this country, and I have acted always with the best judgment I could command and with sincerity.

In discussing this so-called farm bill I am impressively reminded of the purpose of the Congress being convened in special session on this occasion. The purpose was not primarily to enact revenue or protective tariff legislation in general, but specially to enact legislation in the interests of the producing farmers of the United States. The farmers and others of the country have been led to believe that there existed a real disparity in favor of the prices of the so-called industrial people as against the prices received by the producing farmers. This particular relationship between the industry of agriculture and other industrial activities has been existing to the great detriment of the producing farmers. Members of the committee, in all sincerity, is not it a fact that the Congress which has been convened in special session is for the purpose of enacting legislation reasonably calculated to right this detrimental disparity against farmers in commodity values? If such be the purpose of our convening, then what are our duties?

In view of what is by some said, and perhaps what is often thought, Congress would do well to vote for any bill which the President or his advisers may urge and recommend the passage of. It seems to me that it is pertinent on this occasion to realize our duties. The legislative branch of our Government, composed of the Senate and House of Representatives, has always been intended to be independent of the executive branch of the Government and also independent of the judiciary. There is no question about that. We were chosen by the voters of our districts to represent the people of the district and of the United States as provided by the Constitution. No one can seriously question this. The Constitution provides that every Member of the Congress shall be bound by oath or affirmation to support the Constitution, and surely that means to be loyal to the Constitution in maintaining its independence as the legislative branch of our Government.

Congress has enacted a law requiring us to subscribe a certain oath. We hold up our right hands and say we will support and defend the Constitution of the United States against all enemies, foreign and domestic; that we will bear true faith and allegiance to the same; and that we take this obligation seriously and without any mental reservation or purpose of evasion, and that we will well and faithfully discharge the duties of our office upon which we are about to enter. So help us God.

I have called attention to the separate and independent character of the Congress from any other branch of the Government. That is the Constitution. That certainly means that the other branches of the Government must keep hands off, just as we must keep hands off of the other departments and the

duties of the officers occupying them. In our oaths we say we will defend the Constitution. That means to maintain its complete independence in the legislative work of the Congress. It is our duty to defend this independence against domestic influence as well as foreign. We further say in our oaths that we have no mental reservations or purpose of evasion. In other words, we say in substance that whatever we do it will be our judgment as to the fundamental merit involved in our legislative action. Of course, we go on and say that we will well and faithfully discharge the duties of the office. That means surely that we will not be merely rubber stamps. I take it that we all feel we have a great duty to the unfairly treated farmers of the country and that we should understand how the bill which we are to enact will operate when it is enacted. Especially do we assume that we who have been sent here from agricultural districts are expected to understand the workability of the law we pass. It is only fair to assume that those who have chosen us to discharge the task of making this law will expect it to reflect our serious and best judgment, and that it will secure within a reasonable time a fair improvement in the price values of the products of the farm. Mr. FORT, who is so strong for this bill, will not be condemned by his all-consuming constituency; we who do come from the agricultural districts will be condemned.

COOPERATIVE PLAN REQUIRES FARMER MEMBERSHIP

The Agricultural Committee of the House has reported the so-called cooperative plan for our consideration and adoption.

The bill in order to achieve its reasonably expected purpose contemplates the farmers of the country representing 75 per cent or more of the different farm products, going into cooperative-marketing associations. Becoming members, active, staying members with allegiance to the cooperative plan is an indispensably necessary thing to take place before this bill can function at all beneficially. The farmers by and through their Representatives in Congress and other agencies must be convinced that it is better for them and is indispensably necessary for them to abandon their respective independent control of their respective businesses, to obligate themselves to be bound by rules and regulations of the cooperative association. Unless the farmers are satisfactorily convinced that such a thing is desirable and will be profitable to them, I ask, will they abrogate their independence, liberties, and their privileges over their individual property and farm products and become members of the cooperatives?

Now, let us see what inducements there are under this bill, assuming that they have a copy of the bill before them and that the leading proponent of the bill, our good friend, Representative FORT, of New Jersey, who represents a district, so we are informed, that does not contain one producing farmer but whose population is 100 per cent consumers, comes out to Kansas to induce the wheat farmers to abandon their independence, liberties, and privileges and become members of wheat cooperatives agreeing to pay their dues and fees and to abide by the rules and regulations thereof. Suppose when our friend FORT is pleading with them to become members of the association, Mr. Farmer Brown asks him if the Congress meant what it said when on the second page of the bill the Congress and the President said, "The purpose of the law is to aid the farmers in preventing and controlling surpluses," and our friend FORT replies that it surely does mean what it says. Mr. Farmer Brown then asks our friend FORT if it is a fact as provided in the bill that under his plan the farm board is to render no aid whatever in the way of loans to cooperatives when by so doing the cooperatives might gain the power to increase the price of their commodity in a substantial way. Members of the House, what would our friend FORT say? And suppose Mr. Farmer Brown would say to Mr. FORT, "A large per cent of the land in the wheat-growing States can not be used profitably for the growing of any other crop. The Government has induced us to settle upon this land, to clear it up, and reduce it to a state of cultivation and now for some years past our produce values are at a great disparity against the price of the nonagricultural product. Your plan, Mr. FORT, contemplates that one-third of us must abandon our lands, which are good for nothing else, or else we must reduce our wheat area in all of the States 33 1/3 per cent to get rid of our surpluses." What reply would our friend FORT make? What could he make that would satisfy the wheat farmer to induce him to surrender his independence, liberty, and privileges concerning his private-owned business?

Suppose Representative FORT, of New Jersey, should go into the cotton country, where the land is especially adapted to the growth of cotton, and where it is incapable almost of growing any other crops of value, and call the cotton farmers together, and he should tell them that they ought to go into the

cooperative association, and he requests them to go into the cooperatives to promote their industrial interest. Suppose he would say to them, "There will be no money to loan on your cotton if you do anything to raise the price except to raise less cotton." Suppose he says, "You have got to get rid of your surplus to secure better prices." Would not the cotton farmers jump over the chairs and tables to get where they could obligate themselves to pay dues and fees and to surrender their independence and obligate themselves to abide by the rules of the cooperative association? Do you suppose that any farmer of intelligence in the United States would do such a foolish thing? To think so is unreasonable and absurd. The bill would be nothing but a failure to start with. It would never get started. Think what would be the effect of curtailing production of cotton to the extent of seven or eight million bales per year.

Manufacturing industries are treated differently. Let me call your attention to what this Government is doing for industrial products. In 1928 on the Government pay roll were 154 commissioned officers, commercial attachés, assistant commercial attachés, trade commissioners, and assistant trade commissioners, to whom was paid over \$1,000,000 in finding foreign markets for the surplus production of United States manufactures. Suppose our friend, Mr. FORT, was asked by our cotton and wheat farmers, "How come you to recommend wheat and cotton producers to quit producing a surplus to be sold abroad when Congress is passing laws to encourage the increase of the production of the American manufacturer over and above the requirements of domestic consumption? Is this because your district is inhabited by consumers, or because you are so altruistically inclined toward the farmer?"

Members of Congress, how is such a preposterous attitude accounted for? Is it because he does not know the problems of the producing farmer? When we go home to our farmer constituency and are asked who were the leading spirits in drafting and promoting the passage of this bill you call farm relief, what shall we say? Were they men familiar with the producing farmers or were they altruistic friends of the cotton and wheat farmers?

Shall we vote for a bill that we can not explain lucidly to our farmer constituency, which we can not take up section by section and analyze intelligently so they will be pleased with it? There is not a Member of this House, in my opinion, who can do such a thing, no matter who he is. It can not be done to even a small per cent of them. It is impossible and to contend so is absurd. No farmer familiar with the bill and the cooperatives would sacrifice his present situation to become a member of a cooperative association to function under this bill. Now is the time to look this proposition of duty to our Government and our oaths squarely in the face. Oh, but it is said that there are duties and obligations upon us growing out of the national conventions. Special attention is called to the last paragraph of the Republican platform on the subject of agriculture:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

From the Democratic platform:

Farm relief must rest on the basis of an economic equality of agriculture with other industries. To give this equality a remedy must be found * * *.

Neither platform committed the party members to any particular bill. The farmers of the country expect their Representatives and Senators who know something about practical agriculture and its problems to use their sincere and sound judgment in drafting a bill which will enable them to materially improve their condition by increasing the prices of their products so that such products and farm property will be on a parity with the property and products of the manufacturer and other nonagricultural activities to the end that there may be an economic equality of agricultural properties with that of other industries. Let us not disappoint our constituents. What explanation can we give the farmers for following the dictates, if you please, of an altruistic Representative of a 100 per cent consuming district who urges the incorporation in this bill of provisions which will prevent beyond question the bill from giving the farmers any material aid and prevent the carrying out of the pledges of both parties?

This bill can not function unless and until the producing farmers become staunch believers in the bill and become active members of the cooperative marketing association to the extent that a large majority of the commodity involved may be controlled by the cooperatives. The farmers will have to be offered inducements in the way of arguments to get them into the

cooperative associations, there to remain and function. They will not go into these associations and the bill can not be made to function, in my candid judgment, until the words "preventing and controlling surpluses," on page 2 of the bill, are stricken out, and until subdivision (2) on page 10, is also stricken out.

Wheat and cotton farmers would not become members of cooperative associations if they did not expect to materially advance the price of their products thereby; so that when the bill says, in subdivision (e), that no loan or advancement will be made by the board if, in its opinion, the loan would increase substantially the production of the commodity which is produced in excess of domestic requirements, the incorporation of this section would defeat the purpose of this bill. With wheat now at a very low price, the cooperatives would be denied the privilege of doing anything to substantially advance the price of their product without jeopardizing their chance to secure a loan from the farm board.

So I sincerely trust that the Congress will strike subdivision (e) from the bill and thereby at least not prevent the wheat and cotton farmers becoming members of cooperative associations.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I ask for recognition for five minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Texas for the remaining five minutes.

Mr. SUMNERS of Texas. Mr. Chairman, ladies and gentlemen of the committee, the gentleman who has just taken his seat has raised a point that should address itself, it seems to me, to the sound judgment of every Member representing a constituency producing an exportable surplus, who has got good, common sense. [Applause.]

The gentleman from Kansas moves to strike out language which includes the words "by aiding in preventing and controlling surpluses in agricultural commodities." This language is followed later by another provision, subsection (e), page 10, declaring the purpose to withdraw the full benefits of this bill, in its effect, from those commodities that shall produce an exportable surplus. That is the effect of subsection (e) as I construe it.

The committee have got the wrong slant. There are agricultural activities in this country that are being conducted for the purpose of selling in the world market. This committee can not see beyond the domestic market. It uses the words "domestic market" in subsection (e) on page 10.

Why, man alive, have not we cotton people got good sense supporting any such provision in this bill? We produce and send abroad \$900,000,000 worth of cotton a year. Talk to me about adopting a policy that would starve the cotton farmers out of business until their production falls within domestic requirement and call that farm-relief legislation? What are you going to do after that? Where are you going to send them? Are you going to crowd them into the city to make more congestion? How are you going to reduce the surplus by any power carried in this bill unless you starve the people who produce it? Take the grain men from the North and West. How are you going to get rid of the surplus unless you bankrupt the grain farmers and drive them back into the cities? What are you trying to do? Do you not want the \$900,000,000 added to our balance of trade which the cotton farmers of this country are producing by their productions in excess of domestic requirement, and the \$300,000,000 which export wheat and its products bring, and the nearly \$150,000,000 which export tobacco adds to our balance of trade?

Mr. KETCHAM. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. KETCHAM. Does the gentleman have any idea that the committee has any notion of reducing the supply of cotton? The only ones who have advanced that idea is the gentleman from Kansas and the gentleman from Texas.

Mr. SUMNERS of Texas. Then if that is true we have more sense than all the rest of the House together. [Laughter.]

Mr. KETCHAM. That remains to be seen after the vote is taken.

Mr. SUMNERS of Texas. The House does not always vote wisely.

Mr. OLIVER of Alabama. An answer to the gentleman from Michigan is that the world demand for cotton is increasing and yet this bill would limit cotton production to what has been produced, before any of the benefits of the bill could be extended to cotton producers.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. WILLIAM E. HULL. I would like to ask the gentleman which would be better for the farmer, if he had 10,000 bushels

of wheat, to sell it at a dollar a bushel profit or to sell 15,000 bushels at cost?

Mr. SUMNERS of Texas. Now, that is a fair brand of the intelligence of this committee to propound a question like that on the floor of this House. [Laughter.]

Mr. WILLIAM E. HULL. The gentleman does not answer the question.

Mr. SUMNERS of Texas. No; I will not answer that question.

The CHAIRMAN. All time has expired, and the question is on the amendment offered by the gentleman from Texas.

Mr. RANKIN. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. SUMNERS of Texas) there were 60 ayes and 115 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) A Federal farm board is hereby created which shall consist of a chairman and five other members to be appointed by the President, by and with the advice and consent of the Senate; and of the Secretary of Agriculture, ex officio. The chairman shall serve at the pleasure of the President. The terms of office of the appointed members, except the chairman, first taking office after the date of the approval of this act, shall expire, as designated by the President at the time of nomination, two at the end of the second year, two at the end of the fourth year, and one at the end of the sixth year, after such date. A successor to an appointed member, except the chairman, shall serve for a term expiring six years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The President may designate any appointed member of the board to act as chairman in case of the absence or disability of the chairman. The board may function notwithstanding vacancies, and a majority of the appointed members in office shall constitute a quorum. Each appointed member shall be a citizen of the United States, and shall not actively engage in any other business, vocation, or employment than that of serving as a member of the board. Each appointed member shall receive a salary of \$12,000 a year, except the chairman, whose salary shall be fixed by the President. Each appointed member shall receive necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from his official station upon official business.

(b) The principal office of the board shall be located in the Department of Agriculture in the District of Columbia and the board shall maintain such other offices in the United States as it deems necessary. The board (1) shall have an official seal which shall be judicially noticed; (2) shall make an annual report to Congress upon the administration of this act and any other matter relating to the better effectuation of the policy declared in section 1, including recommendations for legislation; (3) may make such regulations as are necessary to execute the functions vested in the board by this act; (4) may appoint and fix the salaries of a secretary and such experts, and, in accordance with the classification act of 1923, as amended, and subject to the provisions of the civil service laws, such other officers and employees as are necessary to execute such functions; and (5) may make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as are necessary to execute such functions. Expenditures by the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board.

Mr. LARSEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 3, line 19, beginning with the word "except," strike out through said line also lines 20 and 21 to the word "member" and insert before the word "necessary," line 21, the word "and."

Mr. LARSEN. Mr. Chairman, ladies and gentlemen of the committee, the bill as now written provides that the President of the United States shall appoint the members of the board and provides that for the chairman of the board there shall be no term of office except such length of time as he may be in office by virtue of the will of the President.

The reason which moves me to strike out certain language appearing in the bill is because it authorizes the President to fix the salary of the chairman of the board. I fear that part of the bill would be unconstitutional. We have no right to delegate legislation. The fixing of a salary of such an officer is, in my judgment, a legislative function.

Article I of the Constitution provides:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?
Mr. LARSEN. Yes.

Mr. LAGUARDIA. The gentleman may be right in law, but there is precedent for it. The salary of a general of the Army when we created General Pershing a general was left in just this way.

Mr. LARSEN. He was a subordinate officer, and, besides, the matter never went to the Supreme Court. The legislative powers of the Government are in the Congress; they are not in the executive branch of the Government. No salary can be paid unless there is legislative authority for it. The Comptroller of the Currency is not authorized to pay the salary of a person unless there be legislative authority fixing the salary. If there was legislative authority, and that authority had been delegated to some person who had no right to exercise it, as a matter of course it would be the same as no authority at all.

Mr. McKEOWN. I call the gentleman's attention to the fact that it has been held constitutional to delegate to certain bureaus of the Government the power to make rules and regulations, and if you violate them you have to go to jail. I can not see the difference between that and this.

Mr. LARSEN. That authority, I think, had to do with the removal of an officer who was appointed by the department. The Supreme Court did say that the Congress has a right to delegate the appointment of certain officers, but I call your attention to the fact that that is specifically provided by the Constitution. The Constitution delegated to the Congress the right to transfer the power of appointment either to the President, to the courts, or to the heads of the departments. It is specially authorized by the Constitution, but the Constitution nowhere authorized anybody to delegate legislative authority. The fixing of the salary of any officer is legislative authority, and the Constitution nowhere has ever delegated that authority to anyone; but it did say that so far as the appointment of an officer was concerned, that the power might be delegated to the head of a department.

Mr. KINCHELOE. The Constitution also provides that Congress shall have the power to raise revenue, and under the flexible provisions of the Fordney-McCumber Tariff Act the President will be given the right to increase or decrease the tariff on the recommendation of the Tariff Commission. The Supreme Court said that Congress had the right to grant that power.

Mr. LARSEN. But not on that principle. I have a very high regard for your opinion but I have discussed this matter in the last few minutes with a gentleman who I think is the greatest constitutional authority in this body, the gentleman from Virginia [Mr. TUCKER]. I asked him the direct question and he said that he thought there was no doubt as to such lack of authority. The gentleman is here and he will, I am sure, bear out the statement.

Mr. MONTAGUE. Alluding to the inquiry of the gentleman from Kentucky [Mr. KINCHELOE] that the President had the right to fix the rates in the revenue bill, does not that act fix the limits within which the rates shall be fixed?

Mr. LARSEN. Yes; I think so.

Mr. MONTAGUE. And this does not fix any maximum or minimum. How can you write your appropriation bill to carry this salary?

Mr. LARSEN. It can not be done.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LARSEN. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HASTINGS. Has the gentleman considered the advisability of increasing the salary of the chairman in his amendment?

Mr. LARSEN. Not in this amendment.

Mr. HASTINGS. I have an amendment prepared to increase the salary there and fix it definitely.

Mr. LARSEN. There is no salary fixed for the chairman of the board at all, but I think it should be and if the amendment I offered is adopted it will be fixed at \$12,000, as other members.

Mr. HASTINGS. You could fix it by a definite amendment?

Mr. LARSEN. I offered an amendment the other day in the committee to fix the salary. There is no salary fixed here. We can not, in my judgment, delegate the authority to fix the salary. The Constitution does not give us a right to delegate any such authority. We should not try to do it. Last Friday when I

was talking on this same matter under general debate I said that we could not do it and that we should not try to do it; that there was no authority for it; and that we ought to fix the salary ourselves.

Mr. JOHNSON of Texas. And aside from the question of the constitutional question raised by the gentleman, which I think is properly raised, will the gentleman state whether or not he thinks it a bad precedent to set to delegate to the President the right to say what salaries shall be paid to officers of the Government?

Mr. LARSEN. Certainly; I am sure such precedent is a bad one.

Gentlemen, the opportunity to legislate is yours. You are presumed to have the ability to legislate. Opportunity and ability constitute responsibility. The responsibility is upon you. You should meet that responsibility like men and not delegate to the President of the United States or to anyone else the power which you have been commissioned by the people to exercise. It is beneath the dignity of Congress to enact legislation in such way as that, and I fear it is not within the power of the Congress under the Constitution to do it. To that extent I fear this bill would be unconstitutional and that the salary of the chairman could not be paid legally.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. LARSEN. Yes; with pleasure.

Mr. BANKHEAD. I desire to secure an interpretation of the effect of the gentleman's amendment. If his amendment should prevail, is it his idea that the salary of the chairman of the board would be fixed at \$12,000?

Mr. LARSEN. That would be the effect of the amendment if adopted.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. LARSEN. Yes.

Mr. GREEN. Possibly there is an ex-President of the United States back of this question of the salary of the head of the board, and therefore they do not know just how to fix the salary.

Mr. LARSEN. The salary might be \$50 or \$50,000. The President would appoint the best man he could find, a good man, who would be efficient. But that is not the point I make. The point is, we have not any authority under the Constitution to delegate this power; and all the cases that have been mentioned here were under the express provisions of the Constitution, which provide Congress can delegate the authority to make certain appointments and can delegate that authority to the President of the United States or the heads of departments. But the Constitution nowhere permits the delegation of authority to fix the salary. We would not know how to appropriate for the salary. That is an important matter. How can we appropriate for the salary unless we know what the salary is?

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BURTNESS rose.

The CHAIRMAN. Does the gentleman from South Dakota desire recognition?

Mr. BURTNESS. Yes; I desire to be heard.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that the debate on this section be closed in five minutes.

Mr. LARSEN. Mr. Chairman, this is an important matter. I do not think we should cut off debate. Let us fix the time a little later.

The CHAIRMAN. Does the gentleman from Iowa withdraw his request?

Mr. HAUGEN. Yes; for the present.

Mr. BURTNESS. Mr. Chairman, I feel that this question, raised by the gentleman from Georgia [Mr. LARSEN] in his amendment, which is substantially similar to one I intended to propose, is of the utmost importance, not only on account of the constitutional question involved but also from another angle which appeals to me as of even greater importance; and that is the question whether we are to-day going to establish a new governmental policy in the establishment of a Federal board; whether we are going to legislate first to provide that a board shall be placed in general charge of some governmental matter, and very seriously go through the proposition of providing for the appointment of several members upon that board at a definite salary, and then follow that up by saying that one man shall be appointed in a different way, and at a different salary, and that he shall dominate that board. That is the important proposition that appeals to me and involves a matter touching not alone this case but others that may arise in the future.

I think it is important most of all at the very beginning of the discussion of this amendment to recognize that it will be the duty of the President of the United States to go out and appoint a board so that it may function effectively. Many worthy and

able men can be found throughout the United States to act upon this board.

I want to revert in a moment to the reason behind this unusual provision. There is much reason for it, but I think the committee has gone at it in the wrong way. The President may find half a dozen of the best men throughout the country. Suppose he tenders one of them the position. That man says "They want me to be one of the board." That able man, occupying a prominent position in this country, looks over this board matter and sees that there are going to be six members on the board, and he is asked to be one of them, probably on the theory that he has some special information or ability that might be of value in considering this agricultural problem. But after looking the law over more carefully he says:

I find when it comes to the deliberations of that board I will not be on an equality with one other member of the board who will be the chairman, who may be sitting there drawing a salary of \$60,000 perhaps, and I will be somewhat embarrassed if my view at any time should disagree with the view of the chairman of that board.

For surely the intent and effect of this provision is that the one man will be much abler than the balance.

I would rather have you write a provision into the bill that would enable the President at the outset to procure the very best material available throughout the entire United States. Will not the individual members be embarrassed on any proposition that may come before them when it is submitted to them by the chairman under the present provision in the bill? If you desire to have a 1-man board, let us have it, and not provide for five additional figureheads at the salary of \$12,000 a year.

I agree fully with the theory that was behind the provision in the bill. They want to make it possible for the President to go out and find the very best man available to become a sort of executive head of the business end of this organization which is set up. But if you want that, you do not need to make that man a member of what you might term the legislative portion or the policy-making body of the organization, which will perform a different function. It seems to me you ought to provide for an individual who will act as a sort of executive manager of the whole proposition.

If this view is correct, you should adopt the amendment.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

Mr. CLARKE of New York. I object.

Mr. KINCHELOE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Kentucky is recognized for five minutes.

Mr. KINCHELOE. Mr. Chairman, the question of giving to the President of the United States the right to fix the salary and determine the term of office of the chairman of this board was not, in the opinion of the committee that drafted this bill, a delegation of the authority of Congress. If that is a delegation of the authority of Congress, then we have been doing the same thing for the last eight years indiscriminately.

Everybody who has studied this bill knows that the chairman of this board, with a revolving fund of \$500,000,000 behind him, is going to have the biggest job of anybody in America, with the exception of the President of the United States. Why, the governor of the Federal Reserve Bank of New York draws, according to my recollection, a salary of either \$50,000 or \$75,000 in his job.

Mr. LARSEN. Will the gentleman yield?

Mr. KINCHELOE. In just a minute.

What was in the mind of the committee in giving the President the power to fix the salary and the term of office of the chairman was a realization of the fact that he is going to have the biggest job of any man in the country, and the thought was to give the President of the United States the right to go out, in his discretion and, if he can, get the biggest man in this country to take this job.

Why should there be any friction between the chairman and the other members of the board because the chairman happens to have an indefinite term of office, subject to the will of the President, and draw more salary?

Mr. LARSEN. Will the gentleman yield now?

Mr. KINCHELOE. Yes.

Mr. LARSEN. I would ask the gentleman if it is not the fact that section 310 of the Federal reserve act fixes the salary of each and every member of the Federal Reserve Board and fixes the salary at \$12,000?

Mr. KINCHELOE. Certainly, and I am not disputing that.

Mr. LARSEN. And the office the gentleman speaks of is that of the president of a Federal reserve bank and the presidency of the bank is not a public office?

Mr. KINCHELOE. The gentleman has had just about twice as much time as anybody else this morning and I decline to yield any further.

Of course, if you want to say to the President of the United States—and if you adopt this amendment you say this to him—you can go out and get only a \$12,000 man to take this job. If the Congress of the United States wants to assume this responsibility and say to the President of the United States, "It does not make any difference how available a man you can get, how well qualified he is to handle this big job, you can not pay him over \$12,000 a year," the Congress can do it, but you are not then going to get a big man to handle the job.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. KINCHELOE. I will yield; yes.

Mr. JOHNSON of Texas. Why can we not name the salary we think ought to be paid and let the President find a man of that caliber?

Mr. KINCHELOE. Of course, if the gentleman thinks the Congress is in better position to name the price than the President of the United States, when he has a man in view that he wants and one that he thinks has the proper qualifications and is able to put this over, Congress has the right to do it; but, so far as I am concerned, I propose to leave that responsibility with the President, believing that the President of the United States will comb this country with a fine-tooth comb to get the biggest man for the job that he can get, to get the most available man he can get, and I am not very particular about what salary he pays him if he gets the right kind of man. [Applause.]

Mr. EDWARDS. Will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. EDWARDS. Could not the question raised by the gentleman from Georgia [Mr. LARSEN] as to the constitutionality of fixing the salary by the President be obviated by the Congress fixing it at not to exceed \$50,000? We all agree that there ought to be a good salary provided so as to get the very best possible man.

Mr. KINCHELOE. I have been a Member of this House long enough to know that whenever you do not want to do anything you always hide behind the Constitution, and we have done so many things that have been said by Members of Congress, at both ends of the Capitol, to be unconstitutional, that when it comes to a delegation of power I have learned from reading the decisions of the Supreme Court of the United States that they have upheld Congress nearly every time they have delegated power to somebody else.

Mr. BURTNESS. Will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. BURTNESS. Does the gentleman have any objection to placing all the members of the board on the same basis and providing an executive officer who would not be a member of the board but would be the real, big man with respect to the business end of the work—

Mr. KINCHELOE. Of course, you can call him the executive head if you want to. I do not yield any further.

Mr. BURTNESS. I just wanted to finish the question.

Mr. KINCHELOE. This question has been discussed by the committee as much as any other point in this bill, and so far as I know, with the exception of one or two, nobody has objected to saying to the President of the United States, "You go and get the biggest man you can, and get the most available man, because he is going to stand as the representative of 6,500,000 farmers in this country," and I am ready to give the President the power to do what he thinks is right about it. [Applause.]

Mr. GREEN. Mr. Chairman, I ask unanimous consent to proceed for five minutes in support of the amendment.

Mr. CLARKE of New York. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

Mr. MONTAGUE. Mr. Chairman, may I ask that the amendment be again reported?

The amendment was again read by the Clerk.

The amendment was rejected.

Mr. LARSEN. Mr. Chairman, I have another amendment in the hands of the Clerk.

The CHAIRMAN. The gentleman from Georgia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LARSEN: Page 2, line 23, strike out all of line 23 after the word "office" and through the word "President" in line 24; and on page 3, line 3, strike out "one" and insert in lieu thereof the word "two."

Mr. LARSEN. Mr. Chairman and gentlemen, I argued this particular proposition the other day. I also presented it to the committee, but it was not agreed to. I want to tell you

what the effect of the amendment will be if adopted. It will simply put the chairman on an equality with the other members of the board. This bill provides that the chairman shall serve at the pleasure of the President. I do not believe it a good policy to so handicap an officer so that he will never know how long his term of office may last. As a matter of course the effect of the bill as now drawn will be to put the officer absolutely and completely under the control of the President. The effect will be to let him go down every Monday morning and get his orders at the White House. I do not believe that will make for efficient administration of the office. A man ought to feel independent and feel that he is a free-born American citizen, holding office by virtue of the fact that he is qualified to transact the business.

In addition to that, he would not be on an equality with the other members of the board. It looks to me that the President of the United States may not only expect him to function as chairman of the board but also the guardian of the board. If the chairman wanted to act upon the suggestion of other members of the board, I fear he would not be free to do it. You do not want to put a man in that position, and for this reason I have offered the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken, and the amendment was rejected.

Mr. LEHLBACH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, lines 11 to 15, amend paragraph b (4), so that it shall read: "4. May appoint and fix the salary of a secretary and, in accordance with the classification act of 1923 as amended, and subject to the provisions of the civil service laws, such experts and other officers and employees as are necessary to execute such functions and."

Mr. LEHLBACH. Mr. Chairman, I am wholeheartedly for the bill and would not offer any amendment that would materially impair any provisions of the bill as it is written, but subparagraph 4 of section B is totally unnecessary.

The purpose of the original provision is to remove from under the civil-service regulations such employees of the Federal farm board as may be designated as experts. The purpose of my amendment is to place them under civil-service regulations as are other experts employed by the United States administration.

The civil service law provides that the President at any time by Executive order may exempt a specific position or an entire class of positions from the operation of the civil service law or regulations. If it is necessary to employ one or many experts by the farm board outside of the civil-service system the President by signing a proper order may bring that about. So the provision is unnecessary. What is an expert? An expert is one who has special knowledge of a given subject and experience in applying that knowledge practically. The result would be that all the employees of this farm board with exception of the typists, the file clerks, messengers, and elevator men would be exempt from the civil-service rules. In the Department of Agriculture under the same roof are hundreds of employees just as expert as these will be who are under the civil-service system and under the classification act.

The result would be simply again in this regard to demoralize the orderly personnel policy of the Government, which has been demoralized every time such an exception has been placed in the law. It was thought that the prohibition law was so important that we had to exempt the employees for its enforcement, and it was found that there was such demoralization that we had to put them under the civil service law. It is the same way with this. My amendment would place them under the classification act, where they would get the same salary as other experts in other departments.

Mr. CLARKE of New York. Is it not true that under the prohibition enforcement act where they have sought to find those who are qualified under the civil service, up to date they have not been able to find half of those necessary for the enforcement of the act?

Mr. LEHLBACH. They have not been able to find people who wanted to be prohibition agents who could qualify in sufficient numbers under the tests for fitness and honesty put out by the Civil Service Commission.

Mr. KINCHELOE. Is not the effect to the gentleman's amendment that he is going to compel this farm board in the operation of this law to go to the civil-service roster and get experts, whether they want them or not?

Mr. LEHLBACH. I just said that if that is the situation, the President can, by a scratch of the pen, exempt the experts that the farm board desire from the operations of the civil service law. There are experts in the various departments of

the Government. The experts in the Bureau of Standards, the employees in the State Department, the employees in the Bureau of Foreign and Domestic Commerce and the other bureaus of the Department of Commerce, the employees of the Department of Agriculture are all experts in their specific, particular lines, and these experts who are to be exempted are no more experts than these other experts in the employ of the Government departments to-day. To exempt these and allow them to be paid higher salaries than those others under the same roof and doing the same quality of work would be an injustice. If it is necessary in certain instances for the expert to be paid more than the ordinary classification schedule provides, there is a way. In the classification act is a provision that allows special expert services to be compensated from \$10,000 a year to any figure Congress can be induced to appropriate. The provision in the bill as it stands is unnecessary for any reasonable end and is just another wanton blow at the development of an enlightened employment policy in the administration of the Government.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

Mr. RANKIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RANKIN: Page 2, line 19, strike out, beginning with line 19, down to and including line 24, on page 3, and insert in lieu thereof the following:

"FEDERAL FARM BOARD

"SEC. 2. A Federal farm board is hereby created, to consist of the Secretary of Agriculture, who shall be a member ex officio, and 12 members, one from each of the 12 Federal land-bank districts, who shall be appointed by the President, by and with the advice and consent of the Senate. The terms of office of the appointed members of the board first taking office after the date of the approval of this act shall expire, as designated by the President at the time of nomination, four at the end of the second year, four at the end of the fourth year, and four at the end of the sixth year, after the date of the approval of this act. A successor to an appointed member of the board shall have a term of office expiring six years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. One of the appointed members shall be designated by the President as chairman of the board and shall be the principal executive officer of the board. The President may designate any other appointed member of the board to act as chairman in case of the absence or disability of the chairman. The board may function notwithstanding vacancies, and a majority of the members in office shall constitute a quorum. Each appointee shall be a citizen of the United States who shall have demonstrated his capacity and fitness by a record of success in agricultural activities of such nature as to give him special qualifications for his duties as a member of the board. No appointee shall actively engage in any other business, vocation, or employment than that of serving as a member of the board; nor shall any appointee during his term of office engage in the business of buying and selling, or otherwise be financially interested in, any agricultural commodity or product thereof, provided this shall not apply to the operation of his own farm or farms. Each appointee shall receive a salary of \$12,000 a year. Each appointee shall receive necessary travel and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from his official station on official business."

Mr. RANKIN. Mr. Chairman, this amendment merely substitutes the provision of the Senate bill, with one slight change.

It gives us a member of this board from each of the Federal land-bank districts. You are placing in the hands of this board a most dangerous power, let me say to my friends from the cotton-growing States, and under the provisions of the House bill the President, representing the administration, coming largely from States that do not produce cotton, coming largely from States that are consumers of cotton, could appoint a board that would have more power over the cotton market than any living man or set of men has ever had up to this day.

A statement from the chairman of that board, an announcement of policy by that board or by the chairman of that board, might possibly have the effect of almost destroying the cotton market.

Less than two years ago the temporary chairman of the Board of Agricultural Economics in the Department of Agriculture, without authority of law, without rhyme or reason, and in my opinion without excuse gave out a statement to the effect that prices of cotton would probably decline—a little fellow that does not know anything about cotton, and, by the way, he is still down there. What was the effect of that? Cotton was then selling for 23 cents or 24 cents a pound. That statement created almost a panic on the New York Exchange. It had the same effect on the New Orleans Exchange. Cotton began to tumble. It crashed from 24 cents down to 17 cents a pound, and cost the cotton growers millions of dollars. Yet you are asking us to create a board, not a member of which, the chances are, would be appointed from a cotton-growing State. At least, there is no assurance in the original provisions of the bill that a member of that board would be appointed from the cotton-growing States which produce the one commodity most vitally affected by this bill and in the hands of that board a tremendous and dangerous power.

You may just as well adopt this amendment here, because I can tell you now that your attitude this afternoon has sounded a warning to the men from the cotton-growing States which will prevent the Senate at least from placing this tremendous power in the hands of the President to appoint this board, not a member of which would likely come from a cotton-growing State.

Let us see if I am justified in that contention. Some years ago we found that reports given out down here by the Department of Agriculture, by the Crop Reporting Board, were vitally disturbing the cotton market, adversely to the cotton growers and dangerously affecting the small cotton merchants. We investigated and found the trouble, and we have tried to this day to get some man appointed to that board from the cotton-growing States, and yet the chairman of that board is from the Dominion of Canada and the rest of them are from States that do not grow cotton.

One man on the Bureau of Agricultural Economics is from Russia. He calls himself Bean. I do not know what his name was in Russia. He is still there. Do not get the idea that the administration is going to take care of the cotton growers, because every man who helped to wreck the cotton market in 1927 by that iniquitous statement is still on the Board of Agricultural Economics.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 39, noes 95.

So the amendment was rejected.

Mr. STRONG of Kansas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STRONG of Kansas: Page 4, line 13, after the word "and," strike out the words "subject to the provisions of the civil service law."

Mr. STRONG of Kansas. Mr. Chairman, it does not seem to me that we ought to restrict this board in the employment of its servants by having them made subject to the civil service law. I think they should have the right to secure employees of their own choosing and not compel them to take a civil-service examination or be subject to the civil service law.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that the debate on this section be closed in 15 minutes.

Mr. MONTAGUE. I have an amendment which I wish to offer.

Mr. BANKHEAD. Reserving the right to object, Mr. Chairman, I trust the chairman of the Committee on Agriculture will not be unduly pressing in his attempt to close the debate.

Mr. HAUGEN. It is now nearly 4 o'clock. I do not want to shut off reasonable time for debate, but if possible we would like to pass the bill to-day.

Mr. BANKHEAD. There are many Members who have had no opportunity to express their views in general debate, although the committee has been extremely liberal in providing time for general debate. This bill is of tremendous importance. It contains a great deal of detail.

Mr. HAUGEN. Mr. Chairman, I withdraw my request.

The CHAIRMAN. The gentleman from Iowa withdraws his request.

Mr. HOWARD rose.

The CHAIRMAN. The gentleman from Nebraska is recognized.

Mr. HOWARD. Mr. Chairman, I am going to support this bill. [Applause.] Not because I want to, but because I know it is the only bill for which I can get a chance to vote.

I came down here some years ago, Mr. Chairman, with an idea of legislation in behalf of the farmer. I thought it was pretty good. It was good. But day after day I listened to the appealing arguments from a number of my friends here, and particularly the probable Senator from Iowa in due time [Mr. DICKINSON], and particularly the gentleman from Indiana [Mr. PURNELL], the premier legislative representative of the President in this House. Their logic and their eloquence convinced me that the McNary-Haugen bill, with its equalization fee, was the one and only plan to cure the ills of agriculture, and so I went along with them.

Now, what is my present attitude? We had a campaign last fall. I do not know how it is with you other folks when you are campaigning, but out in my prairie country the folks talk to the candidate. They talked to me. They said, "What will you do with reference to legislation in case Governor Smith shall be chosen as President?" They had been reading his idea of a legislative program in behalf of agriculture. I said, "I will follow the governor to the end of the road." Then they asked me what I would do in case Mr. Hoover should be elected President and should have a farm program of his own, and I said, "I will follow my Quaker brother Hoover to the end of the road, also." [Laughter and applause.] So I shall.

I am going to believe that the master content of this bill is good intention. I once heard a fellow say when he was arguing with another brother on the question of predestination—I do not know how it got in there—but he said, "Hell is paved with good intentions." I do not think anybody on this committee wants to do any of that kind of paving, and so I am going to believe that every member of this committee, with perhaps one exception, who lives in a district where they do not have even a garden patch, has studied this bill from the standpoint of the farmer. That one whom I have excepted has not had the opportunity to understand it from the standpoint of the farmer. I regard him as perhaps one of the ablest men on the committee, and in my judgment he is entirely conscientious. This bill is largely the creation of his master mind. It is lawful for me to have to vote for a bill concocted largely by one who never had an opportunity to understand the actual workings on a farm. But what shall I do? It is the best I can get.

I have a plan of my own, and if somebody would kindly suggest that the chairman give me five minutes more to talk about it I would explain it to you. I can not well proceed while I am listening for the gavel to fall at any moment.

The CHAIRMAN. The time of the gentleman from Nebraska has expired. [Laughter.]

Mr. ASWELL. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes more.

Mr. CLARKE of New York. I object.

The CHAIRMAN. Objection is heard.

Mr. MONTAGUE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MONTAGUE: Page 3, line 20, after the word "shall," strike out the words "be fixed by the President" and insert the words "not exceed \$20,000."

Mr. MONTAGUE. Mr. Chairman, my object in presenting this amendment is to escape what may be somewhat embarrassing hereafter, perhaps the validity of the bill itself.

I do not think this House should relieve itself of its constitutional responsibility to fix the salaries of its public servants. If the President has the right to fix the salary of the chairman of this board, he can fix the salary, if the Congress chooses to give him such authority, of the Cabinet members and even of the Chief Justice of the Supreme Court.

Therefore I have simply offered the amendment that the salary of the chairman of this board shall be \$20,000 a year.

I put the salary at \$20,000 in order that we may have something to steer ourselves by and something to anchor ourselves to when storms may arise hereafter.

Mr. HASTINGS. Does not the gentleman understand that his amendment does not fix the salary and is open to exactly the same objection that there is to the other language? The amendment provides that it shall not exceed that amount, but does not fix the salary at that amount. Why not fix it definitely at, say, \$15,000 or \$20,000 or \$25,000 in the amendment itself?

Mr. MONTAGUE. I accept the suggestion of the gentleman and ask unanimous consent to amend the amendment in conformity therewith.

The CHAIRMAN. Without objection, consent will be granted and the amendment will be modified as indicated by the gentleman.

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. MONTAGUE) there were—ayes 30, noes 90.

So the amendment was rejected.

Mr. GREEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Florida offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GREEN: Page 3, line 24, at the end of line 24, add the following: "The board members shall be chosen from the respective sections of the country, one from the Northeastern States, one from the Southeastern States, one from the Southwestern States, and one from the Northwestern States, the other member from any State; three members shall be of the political party prevailing and the other two from the minority political party."

Mr. WILLIAMS of Illinois. Mr. Chairman, I make the point of order—

Mr. GREEN. Will the gentleman reserve his point of order?

Mr. WILLIAMS of Illinois. I make the point of order, Mr. Chairman, that the amendment is meaningless in that the geographical subdivisions of the country enumerated therein are improper. There are no such subdivisions of the country officially as those stated in the amendment.

The CHAIRMAN. The Chair does not think that is a point of order which the Chair should decide.

Mr. WILLIAMS of Illinois. Then I make the general, broad, sweeping point of order that the amendment is not in order. [Laughter.]

The CHAIRMAN. The point of order is overruled.

Mr. GREEN. Mr. Chairman, I am glad to see that the Congress is about to enact a farm relief bill. Last night I was especially interested when I heard the distinguished Members of the two political parties, Mr. PURNELL, of Indiana, and my colleague the gentleman from Louisiana, Doctor ASWELL, discuss the matter over the radio and emphasize the fact that this is a nonpartisan bill and that the question of agricultural relief is nonpartisan. From time to time I have called upon the party now in power to permit the passage of a farm bill. In some respects, at least, the bill under consideration is acceptable; however, it has objectionable features.

I notice that there seems to be no limitation whatsoever upon the appointment of the board members. It seems to me that the board members should be chosen from the respective agricultural sections of the country. If the Northeast, the Southeast, the Northwest, and the Southwest could each have a board member, then each great agricultural product would be better taken care of.

My colleagues, you know very well that the cotton, fruit, and vegetable section of the South and the Southwest surely should have representation on this board as well as the wheat farmers of the West and the apple growers of the East and Northwest. Under the language of the bill they may all be appointed, I believe, from New York City, and possibly will be. They may all be appointed from Leland Stanford University, and possibly some of them will be.

It seems to me nothing but equity that these members should be chosen from the various parts of the country and that the various agricultural sections of the country may be represented on the board. I know that the cotton, orange, and vegetable growers of the South could be more fairly represented by a member of the board from this section who knows well the needs.

I also believe it would be nothing but expedient, if this is a nonpartisan bill, that the two large political parties should be represented in the appointment of the board. I know some of the most able agriculturists and marketing experts are members of the Democratic Party, and we Democrats should have representation on the board. However, I do not expect you to adopt that suggestion because I realize that the majority of the Congress is Republican and largely representative of industrial centers, but there are those of us who really desire to help the farmers; we come largely from agricultural States, and believe that all sections and both parties should be represented in carrying farm relief to the country.

Mr. Chairman, this amendment should be adopted, and I trust that it will be. The farmers of my district desire a farm relief bill in whose benefit they may share; by making the board

representative of all sections and nonpartisan they may obtain their rights and benefits.

The salary of the chairman of the board should be written into the law and not left optional with the President. I know an acceptable and able man can be obtained for salary on a parity with other board members. Some have mentioned possibly \$50,000 per annum as such salary. I think such suggestion ridiculous. Why, the President of the United States Senate, the Speaker of the House of Representatives, the Supreme Court Justices, the Cabinet members, all receive far, far less, in fact about one-fifth or one-quarter of such an amount. O Mr. Chairman, there are far more overpaid than underpaid public servants. Fifty thousand dollars is a ridiculous amount. Rather than pay any such salary, let three-fourths of such amount be added to the fund for the relief of the depressed and tax-burdened farmers of the Nation. I would help the farmer, not burden him. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was rejected.

Mr. BANKHEAD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: On page 3, line 20, after the word "President," insert a comma and the words "which shall not exceed \$50,000 per annum."

Mr. BANKHEAD. Mr. Chairman and gentlemen, I desire to say but few words on this amendment. Aside from the constitutional question that has been raised here as to Congress delegating its power to the President to fix the salary of the chairman of this board, following the suggestion made by the distinguished gentleman from Virginia [Mr. MONTAGUE], I think it rather important that we at least preserve the principle that Congress shall fix the limitation within which such salary shall be paid for such officer appointed by the President.

It seems to me that if we make the limit \$50,000 per annum it would justify the President in hoping to find a man who would fill all the essential requirements and qualifications suggested by the bill. In order to preserve the integrity of congressional proceedings and hold some check on the possibility of excessive salaries we should fix the sum within a reasonable limitation.

Mr. STEAGALL. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. STEAGALL. I take it that the purpose of the provision is to get the sort of a man to fill the position that the House desires.

Mr. BANKHEAD. That has been so stated.

Mr. STEAGALL. I am opposed to the President fixing the salary of any official. It is wrong in principle, but if for the chairman, then I want to know why we do not give the President authority to employ six men in the same manner?

Mr. HASTINGS. I would like to ask the gentleman a question along the same line. What is the difference in the power and authority of these six men? One is the chairman, but all these members have exactly the same authority. Why give one man \$50,000 and the others only \$12,000?

Mr. BANKHEAD. I see no reason why such a distinction should be made. But my purpose is to fix a reasonable maximum limitation. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were 42 ayes and 98 noes.

So the amendment was rejected.

Mr. HASTINGS. Mr. Chairman, I have certain related amendments, all relating to this section. I ask unanimous consent that they may all be read and considered together.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Page 2, line 20, after the word "of," strike out "a chairman and five other" and insert in lieu thereof the word "six."

Page 2, lines 23 and 24, after the words "ex officio," strike out "the chairman shall serve at the pleasure of the President" and insert in lieu thereof "the President shall designate one of the appointed members as chairman at the time of appointment and annually thereafter designate one of the appointed members who shall act as chairman for the ensuing year."

Page 2, lines 24 and 25, after the word "members," strike out the comma and the words "except the chairman" and the comma.

Page 3, line 3, after the word "and," strike out "one" and insert in lieu thereof the word "two."

Page 3, line 5, after the word "member," strike out the comma and the words "except the chairman" and the comma.

Page 3, line 20, after the word "be," strike out "fixed by the President" and insert in lieu thereof "\$15,000 per annum."

Page 4, line 2, strike out the words "in the Department of Agriculture."

Mr. HASTINGS. Mr. Chairman, these seven amendments attempt to accomplish this. They provide for six members to be appointed, and for the President to designate one as the chairman at the date of the appointment. And then annually thereafter he shall designate one of the appointed members as chairman. The amendments further provide that two members of the board be appointed for two years, two for four years, and two for six years. These amendments fix the salary of the chairman at \$15,000, and place the offices in the District of Columbia instead of in the Department of Agriculture. Since I have been a Member of Congress I am sure no board or commission has been created as provided for in this bill. Certainly we have no precedent for it. This bill provides for the appointment of a member temporarily as chairman. There is a threat of removal or an intimidation hanging over his head to destroy his independence, because he may serve for only 30 days or 60 days or less time.

You overlook the fact that the chairman of the board has no more power or authority than any other appointed member. Does anyone challenge that statement? Why then, should the chairman of the board receive a much greater salary than any other member? It is true that we pay the Chief Justice of the Supreme Court a small additional salary, and perhaps the chairmen of certain other boards are paid a little more, but I repeat that the chairman of this board will have no more power or authority on the board than the other members. Why should we make his term indefinite and why should we hold the threat of removal over his head and make him less independent? Who would like to serve on a board when he knows that he is likely to be removed at any time?

These amendments would make his office as permanent as that of the other members of the board, and would permit the President to designate one member as chairman, and then one annually thereafter as chairman and would fix the salary of the chairman at \$15,000 a year. If there is any member of the House who contends that there is a provision in this bill that gives more power to the chairman than to any other member of the board, I challenge him to point it out. I am in favor of the bill, and I want to do what I can to constructively help to perfect it.

Mr. TILSON. Is not the tenure of office of the chairman practically the same as the tenure of office of a Cabinet officer, subject to the will of the President?

Mr. HASTINGS. I know, but a Cabinet officer belongs to the official family of the President of the United States.

Mr. MONTAGUE. And are not the salaries of Cabinet officers fixed by Congress?

Mr. TILSON. Yes; but he was talking about the tenure of office.

Mr. HASTINGS. We have created the Federal Trade Commission and the Interstate Commerce Commission and any number of other boards and commissions, and so far as I know there is no board or commission where the chairman can be removed at the will of the President of the United States. This board is given very broad powers. We expect recommendations to be made to Congress from time to time for additional legislation, and the chairman should feel free to make such recommendations as his investigations and best judgment dictate.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. The question is on the amendments offered by the gentleman from Oklahoma.

The question was taken, and the amendments were rejected. The Clerk read as follows:

Sec. 3. (a) The board is authorized to designate, from time to time, as an agricultural commodity for the purposes of this act (1) any regional or market classification or type of any agricultural commodity which is so different in use or marketing methods from other such classifications or types of the commodity as to require, in the judgment of the board, treatment as a separate commodity under this act; or (2) any two or more agricultural commodities which are so closely related in use or marketing methods as to require, in the judgment of the board, joint treatment as a single commodity under this act.

(b) The board shall invite the cooperative associations handling any agricultural commodity to establish an advisory commodity committee to consist of seven members, of whom at least two shall be experienced

handlers or processors of the commodity, to represent such commodity before the board in matters relating thereto. Members of each such committee shall be selected by the cooperative associations from time to time in such manner as the board shall prescribe. No salary shall be paid to committee members, but the board shall pay each a per diem compensation not exceeding \$20 for attending committee meetings authorized by the board and for time devoted to other business of the committee authorized by the board, and necessary travel and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the Executive branch of the Government.

Mr. BURTNESS. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 5, line 3, after the word "to," strike out the word "require" and insert the words "make advisable."

Mr. BURTNESS. Mr. Chairman, this may seem like a minor amendment, but I do not feel that it is. I think the words "make advisable" are more in harmony with the real intent of the Agricultural Committee, and I think I can safely say that several members of the committee have told me that they think the words I have proposed would be preferable, but feeling bound, as they are, in a sort of brotherhood to protect the entire bill, they have not felt justified in submitting it either as a committee amendment or of sponsoring it themselves.

The language proposed and its purpose are plain.

We will take you citrus-fruit growers in the South. You may think it advisable that your stabilization corporation should be set up, just one corporation, for your oranges, your lemons, and your grapefruit all together as one general commodity. You go to the board and present your case, and the board says, "Yes; we believe that is a good thing, but let us see whether we can do so under the law," and they turn to the law and they find that they are permitted to make the combination if they find in their judgment that the crops are so nearly related as to "require" joint treatment. They say they can in reality treat with them separately, and therefore they can not very well join the commodities under one action, because they only think it is advisable to do so, and they are not absolutely required to do so in order to bring about effective treatment.

Look at it from the viewpoint of the wheat in the United States, you Kansas men and you men from the Northwest. You may find that it is advisable to separate durum wheat from hard spring wheat and spring wheat from winter wheat and perhaps hard winter wheat from soft winter wheat, and you present your case to the board. I think the intent is that whenever the board finds that in its judgment it is best to separate them the board is to do it. I will ask some member of the committee whether or not it is not true that if the board thinks it would be better to separate the commodities, such as the various kinds of wheat, or if they think it is better to join commodities, such as oranges, lemons, and grapefruit, is it not the intent of the law to have them do it?

Mr. WILLIAMS of Illinois. Yes; and that is what the bill does in precise language.

Mr. BURTNESS. I am very glad to get that interpretation, because it will be very helpful, perhaps, to some of us when we go before the board if you do not adopt this amendment. Does the gentleman see any objection to using the words "make advisable" instead of the word "require"?

Mr. WILLIAMS of Illinois. We think the word "require" expresses the exact meaning of the committee and the intent of the law.

Mr. BURTNESS. I shall submit the matter to the House. The gentleman says the word "require" does mean in that sense "make advisable"?

Mr. WILLIAMS of Illinois. Yes; may require separate or joint treatment.

Mr. BURTNESS. I see that I omitted one provision in my amendment, and I ask unanimous consent to modify it and provide the same change in line 7.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to modify his amendment as indicated. Is there objection?

There was no objection.

Mr. STEVENSON. Does not the language now submit it all to the judgment of the board? It says "require, in the judgment of the board." That leaves it entirely in their control.

Mr. BURTNESS. That absolutely requires in their judgment that it be given separate or joint treatment. It is true they are given an opportunity to exercise their judgment, providing that is required in order to bring about the desired results. But I fear they may find that it is advisable to treat it separately or jointly, as the case may be, but if it is

not absolutely necessary to do so they might construe the language so that they would not have that power.

I concede that if they give it the construction just stated by the gentleman from Illinois [Mr. WILLIAMS], a member of the committee, the change would not be necessary.

Mr. ALMON. Mr. Chairman, I voted for each of the farm relief bills that have been before Congress in recent years and intend to vote for this bill. [Applause.] It has been prepared and presented to the House by the Agricultural Committee, which has had this question under consideration for the past seven or eight years. While it is admitted by many of its friends and supporters that it is an experiment, its success depends very largely on the farm board that will be appointed by the President. I will favor the debenture plan and some other amendments.

I represent an agricultural district and know that most of the farmers are in a bad financial condition, so I am going to vote for this bill with the hope that it will benefit them as much as is claimed by its most enthusiastic supporters. I see no advantage in making a speech in behalf of this bill as it is going to pass and become a law.

The President has called this extra session of the Congress to enact legislation for the relief of agriculture and to revise the tariff laws. This bill is only one of the farm relief measures that it is proposed to consider. It is a marketing bill. I want to call to your attention, briefly, a production bill—one of very great interest to the farmers of the entire country, and one that should be enacted at this extra session. That is a bill to put Muscle Shoals into operation in order to supply the farmers with a cheaper and better grade of concentrated fertilizer. [Applause.] It has been proven time after time before the committees of Congress that fertilizer can be produced at Muscle Shoals at least from one-third to one-half of the existing prices.

I take it for granted that President Hoover and his administration intend to put this plant into operation during his administration. This is an ideal time in which to do it.

It was intended by Congress to relieve agriculture. We have been called here for this purpose; we have the time; then why not do it? The farmers will never need this relief more than they do now. I hope that the President and the leaders of his party in Congress who decide what bills shall be considered, will devise a plan that will settle the whole Muscle Shoals question at this extra session. [Applause.] It has already been delayed far too long. The power that has been developed there, amounting to more than \$3,000,000 annually, is running to waste and the fertilizer plant is standing idle. There is nothing that this administration could do that would please the American farmers more than to put Muscle Shoals into operation for their benefit.

I may have something more to say on this subject later on. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Dakota [Mr. BURNES].

The question was taken, and the amendment was rejected.

Mr. ALLGOOD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Alabama.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: On page 5, at the end of line 8, after the word "Act," strike out the period, insert a comma and the following: "and (3) define or designate the channel through which the commodity may flow, giving preference to those operating on the cooperative plan."

Mr. ALLGOOD. Mr. Chairman, this is to be a cooperative bill, and I think this amendment is necessary to make it truly so, because we ought to put some restriction in this bill. Otherwise every Tom, Dick, and Harry will be inclined to favor their friends by diverting commerce into the channels of the outside cooperatives. For that reason I am convinced that this amendment is necessary to carry out the cooperative spirit of this measure.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. JOHNSON of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Texas: Page 5, line 10, after the word "commodity," insert "in connection with bona fide farmers' organizations producing such commodities."

Mr. JOHNSON of Texas. Mr. Chairman and Members of the House, the farmers of America are being pauperized. In America Challenged, a book recently published, is contained the astounding information that the farmers of America are losing \$5,000,000,000 a year and that the so-called prosperity of which we heard so much in the recent campaign is based on a relative daily wage of 25 cents for the farmer and \$4.95 for the industrialist. I am not prepared to vouch for the accuracy of these figures, but I know from my own personal knowledge that it is almost impossible to exaggerate the lamentable condition in which agriculture, our largest single industry, finds itself at this time.

Rich farming lands, which a few years ago constituted the coveted possession of wealth and were regarded as the safest investment in the world, now none will buy except for a song.

Vendor's lien notes upon agricultural lands, once the favorite field for conservative investors, are now a drag on the market and almost impossible of sale. Loan companies which a few years ago loaned exclusively upon farm lands are now placing their investments upon urban property and other classes of securities.

Owners of farm lands who were worth hundreds of thousands of dollars a short time since are now penniless.

These facts I know—not from the reading of a book, but from my own personal observation in Texas and elsewhere. The losses of agriculture have multiplied so rapidly that it is now regarded as a hazardous business, an exceedingly unprofitable one, and some banks which a few years ago made most of their loans to farmers are now discontinuing loans of this character, not because they doubt the integrity of the farmers, but realize their inability to make sufficient to pay obligations for even the necessities of life.

Unfortunately, this condition is not local; it is confined to no particular section, but in practically all of the agricultural regions of the United States the situation is the same.

It is an attempt to alleviate in some way this deplorable condition that has caused the President of the United States to convene this extra session of Congress.

I am ready to vote for any measure which reasonably promises to bring some relief to the farmers of America, whether that bill is entirely in accord with my views or not.

There are those who contend that no relief can be had for the farmers through Federal legislation, and they may be right, but since banks, railroads, manufacturers, and labor have been materially benefited as a result of laws passed by Congress, I shall not be satisfied until an honest effort has been made by Congress in behalf of the oldest and greatest industry of all civilization, the tillers of the soil.

The sponsors of this bill, the House Committee on Agriculture, tell us—

This bill intends only to reach at what we believe to be the crux of the whole situation; namely, the organization of agriculture into economic equality with other industries in the marketing of its product, preserving to it its collective and individual independence as the backbone of our American social and governmental system.

Economic equality of agriculture with other industries in the marketing of its products is a thing devoutly to be wished. But whether this bill adequately provides for the organization of agriculture to accomplish this purpose, or whether, if it does, its terms and conditions are such that the farmers of America will avail themselves of this method of organization, remains to be seen.

A trial alone will determine its workability. I can not share the enthusiasm of some of its most ardent supporters, and I seriously doubt whether it will accomplish, even in a measurable degree, that which is claimed for it.

But it does constitute a plan, furnishes the machinery for the plan, and authorizes an appropriation of \$500,000,000 to give it a trial. That is at least a start to help the farmer. Furthermore, it is the only farm relief bill during this Congress which the House will likely be permitted to vote upon. The Republican majority of 104 in the House makes it impossible under the rules of the House for the Democrats to initiate legislation. We Democrats must either take it or leave it, and, considering the distressed condition in which agriculture is to-day, I am unwilling to withhold my vote from a bill which is designed to initiate a plan to bring economic relief, and which I hope it will do.

I am in hearty accord with the sentiment that the farming industry of America should have preserved to it "its collective and individual independence," and I realize full well that unless something happens to change existing conditions of the farmer it will not be many years before the individual farmer will be only a memory and the farms of this country will be owned

and operated by a few large and powerful corporations as they are now in Hawaii. Individualism in farming would disappear, just as is happening, much to my sorrow, to the merchants of America. "Chain farms" would then be as common as chain stores are to-day. Our farmers would then become hirelings and many of them nothing more than peons. We have always boasted that the one class in America possessing political independence was the farmers. It will be a sad day when we blot out their independence, for the rest of the Nation will suffer more than they.

When a few big groups of capitalists dominate the farming industry of America, as they to-day control and dominate many other lines of business activity, these groups will augment not only their economic power over the life of the Nation but they will also have a strangle hold upon its politics and, consequently, its government. Instead of a "government of the people, by the people, and for the people" we will have a government of the business groups, by the business groups, and for the business groups.

While the marketing problem of the farmer is important, I am not prepared to say that it constitutes "the crux of the whole situation." Possibly that statement may be measurably accurate. Other causes have contributed to the present situation. The high protective tariff which we have imposed for many years upon manufactured products which the farmer has to purchase has seriously impaired his capacity to buy. As has been often said, he buys in a protected market and sells in an open one. He gets the worst of it, both when he buys and when he sells. Of late years, since the industry has gone from bad to worse, the farmers have had difficulty in securing credit upon which to operate, and if the industry is not improved so as to restore faith in its success and to insure profits, or at least absence of losses, in its operation, the question of credits and capital will loom larger and larger as one of its chief problems and difficulties.

This bill could be vitalized and affirmative and substantial relief afforded by amending it so as to permit the board, when deemed advisable, to authorize the issuance of export debentures upon agricultural products that may be exported.

Such a provision is contained in the farm relief bill now pending in the Senate, and my colleague [Mr. Jones], who is a member of the House Committee on Agriculture, has sought to have such a provision incorporated in this bill. I understand that those in charge of the bill, being dominated and controlled by the present Republican administration, will not permit such an amendment to be offered, claiming that it is not germane to the bill. It is my information that the House is not going to be permitted to express itself by a vote upon such an amendment. I deplore this tyrannical conduct of the Republican leaders who deny to the House the right to express itself upon this question.

The export debenture amendment would give substantial relief to the producers of farm products which are exported to other countries, such as cotton and wheat. It is understood that when we have finished consideration of this bill, a tariff bill will be introduced to try to afford relief to farmers by raising tariff upon agricultural products. No tariff will help wheat or cotton or pork, or any other crop of which we have an exportable surplus. If Congress really desires to give relief to the producers of these commodities, it must be by the adoption of the amendment to which I have just referred.

The National Grange, one of the oldest and largest farm organizations in the United States, has for three years officially endorsed the export debenture program, and in a recent letter commending it used the following language:

In its essence the export debenture plan is intended to bring tariff benefits to farmers who are engaged in growing crops of which we produce an exportable surplus. The justification for the plan lies in the fact that those who produce our exportable farm surpluses, in common with the rest of our population, are obliged to pay tariff costs, while they are compelled to sell their products in the world's markets at the world's price. While these producers are paying the higher prices occasioned by the tariff system, they are not receiving corresponding benefits. The disadvantages under which the export branches of American agriculture now labor can not be fully removed by any plan of marketing, however perfect. * * *

We wish to emphasize the point that in presenting the export debenture plan to Congress the Grange has never had any thought of asking for a subsidy or a bounty for agriculture. As we view it, the debenture feature of the bill would simply give back to the farmer who is growing crops of which we have an exportable surplus one-half of what the tariff takes away from him. Since it is left to the discretion of the proposed Federal farm board when and under what conditions the debenture plan shall be applied, if at all, we view the whole as a very moderate proposal.

The proposal is not a wild and fantastic scheme which has never been tried. As long as England exported agricultural products their farmers were given the benefit of such a law. Germany, Sweden, and Czechoslovakia have in operation similar plans now as applied to the export of grain. If such a law worked successfully in England for 100 years, why not give it a trial in the United States?

Aside from the recognition by foreign governments of such a plan, several economists of recognized ability in the United States who have given the subject much thought have pronounced the plan sound, economic, and just and declare that under such legislation the farmer would receive an increased price for his commodity in proportion to the debenture rates effective. Under the proposed amendment the debenture rate on cotton would be 2 cents per pound, which would mean an increase in price to the farmer of \$10 a bale.

In its national platform of 1928 is found this language:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

If the Republican Party wishes to redeem this pledge, it should adopt the export debenture amendment so that the farmers who raise an exportable surplus may, in a measure at least, be placed upon an economic equality with other industries who have thrived and received substantial benefits from protection under the tariff and other laws. If the Republican leaders want to be fair, they will at least permit the House to vote upon this amendment.

But let me briefly analyze the salient features of this bill. It is essentially a marketing bill. It is designed to aid agriculture in organizing the marketing side of its industry. It is intended to give agriculture the machinery to secure cooperation in the sale of its products. A Federal farm board is created which is authorized to make loans to cooperative associations, and such loans are to be made through what is called stabilization corporations. There is to be but one stabilization corporation for each commodity, and these stabilization corporations are organized by the cooperative associations dealing in that commodity under the direction and control of the Federal farm board. The stabilization corporation is given power to act as a marketing agency for its members or stockholders, but they are permitted to market in other ways if they so desire. The loans made to these corporations are to be made to prevent seasonal depression of the market. Speculators often take advantage of the fact that farmers have to sell their products, as they are marketed during a few months in the year, and it is thought that these stabilization corporations can go into the market when the price is being unduly depressed and prevent a decline. It is thought that no speculator will continue to sell short in a declining market in the face of a powerful organization, backed by the Government, which intends to lift off the market, if necessary, enough wheat or cotton, for example, to prevent the price being driven below the real value of the product.

The Federal farm board is also, under certain conditions, permitted to make contracts of insurance with cooperative associations against loss through price decline in the agricultural commodity handled by the associations and produced by the members thereof. It was thought that this provision would be of special value to the cooperative associations handling cotton, as it would enable them to advance to their members with safety a greater percentage of the current market price of the commodity during the producing season than otherwise could be safely advanced.

The board may advance loans to cooperative organizations for storage facilities and other permanent equipment, or it may advance money on warehouse receipts to aid in the marketing of crops.

Formation of producer-controlled clearing houses for agricultural commodities is authorized under regulations prescribed by the board. These clearing houses are especially designed for the sale of perishable products, and independent dealers, under certain conditions, shall be eligible for membership in this clearing-house association. Such associations could be used for the joint shipment and joint sale of products.

Among other powers conferred upon the Federal farm board are these:

(1) To promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof; (2) to encourage the organization, improvement in methods, and development of effective cooperative associations; (3) to keep advised from any available sources and make reports as to crop prices, experiences, prospects, supply

and demand, at home and abroad; (4) to investigate conditions of overproduction of agricultural commodities and advise as to the prevention of such overproduction; and (5) to make investigations and reports upon the following: Land utilization for agricultural purposes; reduction of the acreage of unprofitable marginal lands in cultivation; the economic need for reclamation and irrigation projects; methods of expanding markets at home and abroad for agricultural commodities and food products thereof; methods of developing by-products of and new uses for agricultural commodities; and transportation conditions and their effect upon the marketing of agricultural commodities.

Next in importance to the Federal farm board is what is termed an "advisory commodity committee," to consist of seven members. Each agricultural commodity is to have one of these advisory commodity committees. These advisory commodity committees will exercise certain functions, primarily with giving advice to the Federal farm board concerning the respective commodities which they represent. Under the bill as framed the cooperative associations handling any agricultural commodity will, upon invitation from the board, name the members composing these commodity committees.

The power to name the members of these commodity committees should not, in my judgment, be restricted solely to the cooperative associations. There are numerous bona fide farmers' organizations who should be given opportunity to express themselves as to the personnel of these committees.

This amendment seeks to give producing farm organizations some voice in the selection of these advisory commodity committees. The gentleman from New Jersey [Mr. FORT] in his speech this morning referred to these advisory commodity committees as being analogous to a board of directors in the various commodities produced in the United States. It seems to me that such a board should have some power conferred upon it, not alone by the handlers of the commodity but by the producers of the commodity. In other words, I understand this law as now framed will authorize the cooperative associations to create these commodity committees. My amendment would enable these organizations which produce the commodity to have some voice in the selection of the members of these commodity committees.

It looks to me, if this is to be, indeed, a farmers' bill, as though the farmers ought to have some voice in the selection of the board of directors of the commodities which they produce, and upon that reasoning it seems to me this amendment ought to be acceptable to the committee.

Mr. WILLIAMS of Illinois. Does the gentleman contend that as the language is now drawn the producers would not be members of the commodity organizations?

Mr. JOHNSON of Texas. No. I understand that these cooperative associations are composed of producers, but there are many farmers who belong to farm organizations but are not connected with cooperative associations.

Mr. WILLIAMS of Illinois. The commodity committees would be selected by the cooperatives engaged in handling each commodity. That is the intention of the bill. It is to encourage cooperative organization.

Mr. JOHNSON of Texas. I understand that; but the point I am attempting to make is this: I understand in making loans or insurance contracts, and so forth, you will have to have some definite type of association with which to deal, but this goes back of that. My amendment relates to the creation of the advisory commodity committee and represents the farmers that produce that commodity, and with reference to that particular feature it appears to me it should not be limited to those who are merely members of cooperative associations, but any representative farmers' organization ought to have some voice in saying who shall compose the advisory commodity committee.

Mr. WILLIAMS of Illinois. The committee had in mind, of course, that the purpose of the bill was to encourage cooperative marketing organizations and we placed the entire machinery that is to operate under this bill in the hands of those organizations. In other paragraphs of the bill the benefits under the bill are given to bona fide producers who are not able to qualify as cooperative marketing associations.

Mr. JOHNSON of Texas. But I am not speaking of benefits, but of the creation of the advisory committee. This is merely a part of the machinery that operates and dispenses the benefits, and in that portion of the bill which creates the machinery and the board which is to constitute the board of directors with respect to that commodity, the handlers of the commodity or the members of cooperative associations should not be the only ones who should have a voice in this matter. The farmers themselves, whether members of cooperative associations or not, ought to at least have some rights as to whom they shall have to represent them with respect to that commodity.

Mr. KINCHELOE. Will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. KINCHELOE. What other organizations does the gentleman have specifically in mind?

Mr. JOHNSON of Texas. Well, we have a number of different farm organizations in various places, in some States one organization and in some States another. We have, for instance, in our State the farmers' union, that operates down there extensively, and then some other States have other farm organizations, and it occurred to me that any of these organizations which is a bona fide farm organization producing a certain commodity, whether, strictly speaking, one cooperative association ought to have some voice—of course, not an exclusive voice—and my amendment would give them the right, in conjunction with these cooperatives, to create the advisory group that would constitute the board.

Mr. KINCHELOE. The gentleman said at the beginning of his remarks that this should not be given to the handlers of the commodity alone. Of course, the gentleman understands that the cooperatives are representing the producers, and the language of the bill is "the board shall invite the cooperative associations handling any agricultural commodity to establish an advisory committee."

Mr. JOHNSON of Texas. And my amendment added to that language the words "in connection with bona fide farmers' organizations producing such commodity."

Whether this bill is a success or not will depend largely upon two things: First, the type of men who compose the board; and, second, whether or not the organization through which the farmers are required to cooperate will be such as to secure their cooperation.

If the board, which is here given such vast powers, is friendly to agriculture and is composed of men who will courageously, honestly, and intelligently administer their offices in behalf of agriculture, they can undoubtedly perform a great service in assisting that industry. If, on the other hand, they are not men of this character, and have not the cause of agriculture at heart, they can inflict upon it irreparable injury.

Without my amendment no farmer in the United States will have any voice in the selection of the advisory commodity committees unless he is a member of a cooperative-marketing association. It is safe to say that there are many farmers who will not align themselves with these associations, and they should not be denied representation because of this fact.

Farmers are loath to join organizations unless they are sure that they are going to be fairly and economically administered, and, to my mind, one of the weaknesses of the bill is that there is no control or regulation of these cooperative associations.

My amendment would perfect the bill in one respect at least, by giving to all farmers' organizations, whether cooperative-marketing associations or not, some voice in selecting their representatives to deal with the board which the President will appoint. Such a provision is calculated to inspire confidence and secure cooperation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JOHNSON].

The amendment was rejected.

Mr. NELSON of Missouri. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. NELSON of Missouri: On page 5, line 12, strike out all of line 12 and the first four words and the comma in line 13.

Mr. NELSON of Missouri. Mr. Chairman and members of the committee, it is not my desire to speak at length on this proposed amendment. The intent of the amendment is plain.

If we continue in the bill the words which I seek to strike out, it will make it impossible to have an advisory board made up of seven farmers. Nowhere else do we seek to fix the qualifications of members of any board. However, we state here that at least two members of this board to be chosen by the cooperatives shall be other than farmers. In other words, we say that if the hog men of this country organize in a cooperative, that we must have two packers to represent them; or at least two packers along with five hog men. If the vegetable growers of this country get together and recommend a board, we must have at least two canners as well as growers on that board. If the wheat growers of this country get together and recommend a board, we must have at least two millers on the board to represent the wheat growers.

I submit, gentlemen, if this is a farm bill, written in the interest of the farmers of this country, the farmers should at least be permitted to be represented by farmers on their own

board, and this is what this amendment seeks to do. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was taken; and on a division (demanded by Mr. NELSON of Missouri) there were—ayes 39, noes 86.

So the amendment was rejected.

Mr. CANNON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CANNON: On page 5, at the close of section 3, insert as a new section the following—

Mr. CANNON. Mr. Chairman, I ask unanimous consent that the amendment may be printed in the RECORD without reading. It is very lengthy, and it is verbatim the equalization fee which was twice passed by this House and passed by this House at the last session by a big majority.

The CHAIRMAN. The gentleman from Missouri offers an amendment and asks unanimous consent that it may be considered as read and be inserted in the RECORD without reading. Is there objection?

Mr. STEVENSON. Mr. Chairman, reserving the right to object, I would like to know what effect that is going to have on the question of a point of order if one should be made. If it is the equalization fee proposition, there is a very wide difference of opinion among some of us about that.

Mr. PURNELL. Mr. Chairman, it is rather difficult to make a point of order without having seen or heard the amendment.

Mr. CANNON. Mr. Chairman, I withdraw my request. I will be glad to have the committee listen to it.

Mr. SCHAFER of Wisconsin. I object to the unanimous-consent request, Mr. Chairman.

Mr. CANNON. I have withdrawn the request, Mr. Chairman.

The CHAIRMAN. The Chair thinks that a great many members of the committee did not hear the statement of the gentleman as to what his amendment is, and the Chair will ask the gentleman—

Mr. CANNON. As there seems to be some objection, I will withdraw the request.

Mr. PURNELL. I reserve a point of order. I understand the gentleman is offering the equalization fee plan.

Mr. CANNON. That is correct.

Mr. KINCHELOE. I hope nobody will object. In order that we may expedite the matter, let the amendment be considered as read and a point of order be considered as pending.

Mr. PURNELL. I simply do not want to lose any right to make a point of order against it at the proper time.

The CHAIRMAN. The gentleman will not lose any right, but objection was made to the unanimous-consent request to have the amendment printed in the RECORD without reading.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I withdraw the objection, since a point of order is going to be made.

Mr. ABERNETHY. Mr. Chairman, reserving the right to object, I just want to know if there is any farm man here who objects to the equalization fee; that is all.

Mr. LaGUARDIA. Mr. Chairman, the question is not whether the amendment is long or short. If we are going to have amendments thrown at us I think I shall object to the request made by the gentleman from Missouri.

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Mr. CANNON offers the following amendment: On page 5, at the close of section 3, insert as a new section the following:

"EQUALIZATION FEE"

"SEC. 4. (a) In order to carry out marketing and nonpremium insurance agreements in respect of any agricultural commodity without loss to the revolving fund, each marketed unit of such agricultural commodity produced in the United States shall, throughout any marketing period in respect of such commodity, contribute ratably its equitable share of the losses, costs, and charges arising out of such agreements. Such contributions shall be made by means of an equalization fee apportioned and paid as a regulation of interstate and foreign commerce in the commodity. It shall be the duty of the board to apportion and collect such fee in respect of such commodity as hereinafter provided.

"(b) Prior to the commencement of any marketing period in respect of any agricultural commodity, and thereafter from time to time during such marketing period, the board shall estimate the probable losses, costs, and charges to be paid under marketing agreements in respect of such commodity and under nonpremium insurance agreements in respect of such commodity as hereinafter provided. Upon the basis of such estimates, the board shall from time to time determine and publish the amount of the equalization fee (if any is required under such estimates) for each unit of weight, measure, or value designated by the

board, to be collected upon such unit of such agricultural commodity during any part of the marketing period for the commodity. Such amount is referred to in this act as the 'equalization fee.' At the time of determining and publishing any equalization fee the board shall specify the time during which the particular fee shall remain in effect and the place and manner of its payment and collection.

"(c) Under such regulations as the board may prescribe, any equalization fee determined upon by the board shall be paid, in respect of each marketed unit of such commodity, upon one of the following: The transportation, processing, or sale of such unit. The equalization fee shall not be collected more than once in respect of any unit. The board shall determine, in the case of each class of transactions in the commodity, whether the equalization fee shall be paid upon transportation, processing, or sale. The board shall make such determination upon the basis of the most effective and economical means of collecting the fee with respect to each unit of the commodity marketed during the marketing period.

"(d) When any equalization fee is collected with respect to cattle or swine an equalization fee equivalent in amount as nearly as may be shall be collected, under such regulations as the board may prescribe, upon the first sale or other disposition of any food product derived in whole or in part from cattle or swine, respectively, if the food product was on hand and owned at the time of the commencement of the marketing period: *Provided*, That any food product owned in good faith by retail dealers at the time of the commencement of the marketing period shall be exempt from the operation of this subdivision.

"(e) Under such regulations as the board may prescribe the equalization fee determined under this section for any agricultural commodity produced in the United States shall in addition be collected upon the importation of each designated unit of the agricultural commodity imported into the United States for consumption therein, and an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from the agricultural commodity and imported into the United States for consumption therein.

"(f) The board may by regulation require any person engaged in the transportation, processing, or acquisition by purchase of any agricultural commodity produced in the United States, or in the importation of any agricultural commodity or food product thereof—

"(1) To file returns under oath and to report, in respect of his transportation, processing, or acquisition of such commodity produced in the United States or in respect of his importation of the commodity or food product thereof, the amount of equalization fees payable thereon and such other facts as may be necessary for their payment or collection.

"(2) To collect the equalization fee as directed by the board and to account therefor.

"(g) The board, under regulations prescribed by it, is authorized to pay to any such person required to collect such fees a reasonable charge for his services.

"(h) Every person who, in violation of the regulations prescribed by the board, fails to collect or account for any equalization fees shall be liable for its amount and to a penalty equal to one-half its amount. Such amount and penalty may be recovered together in a civil suit brought by the board in the name of the United States.

"(i) As used in this section—

"(1) In the case of grain the term 'processing' means milling of grain for market or the first processing in any manner for market (other than cleaning or drying) of grain not so milled, and the term 'sale' means a sale or other disposition in the United States of grain for milling or other processing for market, for resale, or for delivery by a common carrier—occurring during a marketing period in respect of grain.

"(2) In the case of cotton the term 'processing' means spinning, milling, or any manufacturing of cotton other than ginning; the term 'sale' means a sale or other disposition in the United States of cotton for spinning, milling, or any manufacturing other than ginning, or for delivery outside the United States; and the term 'transportation' means the acceptance of cotton by a common carrier for delivery to any person for spinning, milling, or any manufacturing of cotton other than ginning, or for delivery outside the United States—occurring during a marketing period in respect of cotton.

"(3) In the case of livestock, the term 'processing' means slaughter for market by a purchaser of livestock, and the term 'sale' means a sale or other disposition in the United States of livestock destined for slaughter for market without intervening holding for feeding (other than feeding in transit) or fattening—occurring during a marketing period in respect of livestock.

"(4) In the case of tobacco, the term 'sale' means a sale or other disposition to any dealer in leaf tobacco or to any registered manufacturer of the products of tobacco. The term 'tobacco' means leaf tobacco, stemmed or unstemmed.

"(5) In the case of grain, livestock, and tobacco, the term 'transportation' means the acceptance of the commodity by a common carrier for delivery.

"(6) In the case of any agricultural commodity other than grain, cotton, livestock, or tobacco, the board shall, in connection with its specification of the place and manner of payment and collection of the equalization fee, further specify the particular type of processing, sale, or transportation in respect of which the equalization fee is to be paid and collected.

"(7) The term 'sale' does not include a transfer to a cooperative association for the purpose of sale or other disposition by such association on account of the transferor; nor a transfer of title in pursuance of a contract entered into before, and at a specified price determined before, the commencement of a marketing period in respect of the agricultural commodity. In case of the transfer of title in pursuance of a contract entered into after the commencement of a marketing period in respect of the agricultural commodity, but entered into at a time when and at a specified price determined at a time during which a particular equalization fee is in effect, then the equalization fee applicable in respect of such transfer of title shall be the equalization fee in effect at the time when such specified price was determined."

Mr. PURNELL. Mr. Chairman, I make the point of order that the amendment is not germane to this bill. The declaration of policy in the bill is to promote the effective merchandising of agricultural commodities in interstate and foreign commerce and place agriculture on an equality with other industries. This amendment offered by the gentleman from Missouri is an entirely different system. This is a cooperative marketing bill, and the plan contemplated by the amendment is an entirely different plan and is not germane to the bill now being considered and, furthermore, it is not germane to this section.

Mr. CANNON. I am not offering it to the section but to be inserted at the end of section 3 as a new section in the bill.

The CHAIRMAN. Does the gentleman from Missouri care to be heard on the point of order?

Mr. CANNON. I yield to the gentleman from North Carolina [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, I want to say that for a number of years we have been told that the only relief the farmer could get that really would be beneficial would be a farm bill with the equalization fee in it. Therefore, I think it is germane. [Laughter.]

The CHAIRMAN. Does the gentleman from Missouri concede the point of order?

Mr. CANNON. Mr. Chairman, I have never supported any parliamentary proposition on the floor of this House, unless I was convinced of its correctness, and I shall not make an exception of this case. And even if I should, I am certain that with the able and astute gentleman from Michigan in the chair it would avail me little if I did. [Laughter.]

The form in which the bill has been reported from the Committee on Agriculture, and the failure of the resolution reported by the Committee on Rules providing for the consideration of the bill, to authorize it, render any amendment proposing the equalization fee inadmissible in whatever form offered.

I, therefore, ask the gentleman from Indiana if he will not withhold his point of order against the amendment for two minutes, in order to permit me to make a brief statement.

Mr. PURNELL. I will withhold it for two minutes.

Mr. CANNON. Mr. Chairman, this amendment proposing the equalization fee embodies the proposition around which the battle for farm relief has raged for the last six years.

Support of this proposition has been the acid test by which the friends and enemies alike of farm relief have been judged. During these six years, eventful years, this House has twice, after long deliberation, approved the equalization fee in the most bitterly contested struggles ever waged on this floor. And the Senate likewise has twice adopted the equalization fee as the cardinal principle of the farm relief bill, passing it the last time by a two-thirds majority. Under these unusual circumstances the House should be permitted to consider it as an amendment to this bill.

It has been frequently stated since the session convened that the last election was a plebiscite on the McNary-Haugen bill and the result of the election was a mandate against the equalization fee. Now, here is an opportunity to test the correctness of that contention. Give the House a chance to vote on it. These Members know the sentiment of the country. If you are sincere in claiming that the last election was a mandate, this amendment affords you opportunity to testify to the orthodoxy of the faith that is in you.

Will the gentleman from Indiana consent to withdraw his point of order and permit the House to vote on the amendment? It will require only 40 minutes to call the roll and then there will no longer be room for any difference of opinion as to the attitude of the country on the equalization fee.

Mr. SCHAFER of Wisconsin. Is this the Peak plan for farm relief in your amendment?

Mr. CANNON. It is the plan twice adopted by both the House and the Senate by overwhelming majorities in the last two Congresses. And it is the plan indorsed by every national farm organization except one. It is the farmers' plan and it is the congressional plan.

Mr. SCHAFER of Wisconsin. Is it George Peak's plan?

Mr. ABERNETHY. It is the McNary-Haugen plan which you taught me to believe in.

Mr. CANNON. Mr. Chairman, if the point of order is still insisted upon, then I desire to ask unanimous consent that the amendment be considered as pending and the committee be permitted to vote on it without further debate.

The CHAIRMAN. Does the gentleman from Missouri concede the point of order?

Mr. CANNON. It is undoubtedly subject to a point of order and for that reason I submit the request for unanimous consent.

The CHAIRMAN. Inasmuch as the point of order is conceded by the gentleman from Missouri the Chair does not feel called upon to say more than that the point of order is sustained.

The gentleman from Missouri asks unanimous consent that the committee be allowed to vote on the amendment notwithstanding it violates the rule of germaneness. Is there objection?

Mr. CLARKE of New York. I object.

The Clerk read as follows:

Sec. 4. The board is authorized and directed (1) to promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof; (2) to encourage the organization, improvement in methods, and development of effective cooperative associations; (3) to keep advised from any available sources and make reports as to crop prices, experiences, prospects, supply and demand, at home and abroad; (4) to investigate conditions of overproduction of agricultural commodities and advise as to the prevention of such overproduction; and (5) to make investigations and reports and publish the same, including investigations and reports upon the following: Land utilization for agricultural purposes; reduction of the acreage of unprofitable marginal lands in cultivation; the economic need for reclamation and irrigation projects; methods of expanding markets at home and abroad for agricultural commodities and food products thereof; methods of developing by-products of and new uses for agricultural commodities; and transportation conditions and their effect upon the marketing of agricultural commodities.

Mr. McKEOWN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 6, line 21, after the word "commodities," insert a new paragraph, as follows:

"Whenever in its judgment the transportation charges on any agricultural product is unfair or burdensome upon the producers or consumers of said product the board shall certify such finding to the Interstate Commerce Commission, who shall investigate the same within 90 days, and if they find any inequality in transportation rates affecting any such product shall correct the same by proper order."

Mr. PURNELL. Mr. Chairman, I reserve the point of order on the amendment.

Mr. McKEOWN. Mr. Chairman, I am whole-heartedly in favor of this bill and I have no apology to make for it, but I call the committee's attention to the fact that I think the President of the United States expects this Congress to use its good judgment and write the best possible bill, keeping in mind the fundamental principles that have been set out herein. I do not think he expects us to shut our eyes and vote down every amendment that is offered if it is beneficial to the legislation. He expects the fundamentals of this bill to be carried out. What does this amendment propose to do? It proposes to do for agriculture just what the Shipping Board can do for the shipping interests of the country. When the Great Creator made man and put him in the Garden of Eden, He gave him three free things. He gave him air, He gave him water, and He gave him food, but he fooled around and violated the law by eating an apple, and then after that he had to work for his living. If I do not choose to make the food that I eat, and I leave that problem for somebody else to attend to, I owe that man some obligation, and I want to say here and now that if the transportation of food could be arranged so as to be fair and just to the railroads and to the farmers and the consumers in this country, a great part of your farm relief would be accomplished. I contend that there ought not to be a hungry mouth in the United States, with the tremendous food supply that we have, if a man will work; and there are hundreds and

thousands of workmen in cities who can not have all of the food that they ought to have, and to which they are entitled, and there are hundreds of thousands of bushels of food going to waste on the farms because the producers can not get a sufficient price to go ahead and cultivate. Peaches in Michigan rot and fall on the ground by the hundreds of bushels and in Chicago there are people who want peaches and can not buy them in the market.

If this bill is to become a great bill, if it is to do great good in this country, it has to not only help the farmer but it must help the consumers in the great cities. In this country we raise food for which the farmers get \$7,000,000,000, on an average, a year and the consumers pay \$22,000,000,000 for it. It is the purpose of the bill to give something of the difference between the \$7,000,000,000 and the \$22,000,000,000 to the farmers of the country. I come from a State where agricultural products rank high. Oklahoma's mineral wealth coupled with her agricultural wealth makes her the third State in the Union to-day. I would not come from that great agricultural State and want to do anything less than what is just and right. I do not want to starve and make hungry the people of our great cities. I want to see the factories hum. I want to see industry—West, North, South, and East—prosper, and at the same time I want to see a fair share for the farmer who produces the food.

You have to have food and we have to produce it. I think this amendment is germane to the bill. You say that the board shall study the transportation rates. What good is it going to do to study them unless somebody is going to act on the transportation rates?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. PURNELL. Mr. Chairman, I make the point of order on the amendment. It introduces a new subject not germane to the bill.

Mr. McKEOWN. I would like to be heard on the point of order.

The CHAIRMAN. Does the gentleman concede the point of order?

Mr. McKEOWN. No. I think it is germane to the bill.

Mr. PURNELL. Mr. Chairman, I withdraw the point of order and ask for a vote.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask for recognition in opposition to the amendment.

The CHAIRMAN. The gentleman from Indiana withdraws his point of order. The gentleman from Missouri is recognized.

Mr. COCHRAN of Missouri. Mr. Chairman and members of the committee, I dislike to delay the consideration of the bill, but the gentleman from Oklahoma [Mr. McKeown] has brought up a question that was discussed while the bill was under consideration under general debate. Every time a speaker was requested to give an explanation of his declaration as to how the bill was going to raise the price of products to the producer and reduce the cost to the ultimate consumer, we were told to wait until the 5-minute rule arrived. That time has long since arrived, but the information has not been advanced.

If the man can be found who can bring this about he can not only be elected President of the United States, but he can be reelected President of the United States, and I would hesitate before voting against him, regardless of what party nominated him.

Now, Mr. Speaker, I will yield the rest of my time to the gentleman from Michigan [Mr. KETCHAM], who is here and was one of those who said that he would tell us under the 5-minute rule how this could be brought about. Will he please explain? [Laughter.]

My invitation has not been accepted, so I must conclude that the argument that this bill will increase the price to the producer and decrease the cost to the ultimate consumer is but another of the extraordinary claims of its sponsors.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. LaGUARDIA. Mr. Chairman, I offer an amendment.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the debate on this section and all amendments thereto close in five minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from New York [Mr. LaGUARDIA] is recognized.

Mr. LaGUARDIA. Mr. Chairman, I ask that the Clerk read the amendment I have sent to the desk.

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. LaGUARDIA: On page 6, line 18, after the word "and," insert the word "authorize"; and in line 19, after the word "commodities," insert "the provisions of any existing law to the contrary notwithstanding."

Mr. LaGUARDIA. Mr. Chairman, this amendment is very clear. I am sure the committee will adopt my amendment. At least, you should know what you are going to vote for. On line 19, after the word "commodities," I insert the words "the provisions of any existing law to the contrary notwithstanding," so that the sentence will read:

Methods of developing by-products of and authorize new uses for agricultural commodities, the provisions of any existing law to the contrary notwithstanding.

This as part of section 4, which describes the powers and gives the board the authority to carry out such powers and duties. That is a very simple amendment and it will do a great deal of good, more perhaps than any or even all of the other provisions of the bill. It will at least take off of your market some 65,000,000 or 70,000,000 bushels of grain and 40,000,000 bushels of corn each year. The gentleman from Oklahoma who just had the floor talked about the Garden of Eden and talked about what God Almighty intended. All that my amendment would do would be to take the grain and use it for one of the purposes God Almighty intended it to be used.

Now, the farmers of this country might as well know that the curtailment of the use of grain by reason of a mistake made at one time by modifying the Constitution is partly responsible for the plight that they are now in.

Mr. SUMMERS of Washington. Does the gentleman know that the price of grain is higher now than before prohibition?

Mr. LaGUARDIA. What is the use of telling the farmer that his prices are higher now than before prohibition, when, as a matter of fact, his farm is being foreclosed, he is broke, and we are trying to give him relief? We are talking about devising artificial means to help. My amendment provides a natural way to use the surplus. Gentlemen ought to be frank with themselves. You may not adopt my amendment to-day, but you must do it some day real soon. You can not foolishly seek to ignore the facts. You can not any more enforce prohibition than you can stop fermentation by an act of Congress.

Mr. WILLIAMS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. WILLIAMS of Illinois. I do not understand the logic of the gentleman from New York. He one day said the farmers have been ruined by taking off the market grain that has heretofore been converted into alcohol, and then on another day he talks about some other cause of the farmer's ruin.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. SCHAFER of Wisconsin. Furthermore, I may say that great quantities of these beverages and liquors come across the border, and there is no tariff protection on it.

Mr. LaGUARDIA. The gentleman is right. Large quantities of liquor imported, sold, and consumed and no revenue. The gentleman from Oklahoma talks about freight rates. Freight rates are now higher on farm products largely because a large part of the bootlegger's stock is transported to-day by automobiles and trucks. You have taken grain from its ordinary, natural, and logical use. You have taken 65,000,000 or 75,000,000 bushels of grain and 40,000,000 bushels of corn a year from the market. You can, by the adoption of my amendment, give the opportunity to this board to study the question and authorize the use of agricultural commodities for beverage purposes, any existing law to the contrary notwithstanding. The board can do that, because you have given it broad powers. Alcohol to-day is made of sugar and strap molasses—yes, millions of gallons. Let us be honest with ourselves, face the situation, admit the failure of prohibition, and correct conditions and thereby bring real relief to the farmer. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that my amendment be printed in its entirety.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri? Without objection, it will be so ordered.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 5. (a) There is hereby authorized to be appropriated the sum of \$500,000,000 which shall be made available by the Congress as soon as practicable after the approval of this act and shall constitute a revolving fund to be administered by the board. The board is authorized to make loans and advances from the revolving fund as hereinafter provided. All such loans and advances shall bear interest at a rate to be fixed by the board. Repayments of principal upon any loan or advance shall be covered into the revolving fund. Payments of interest upon any loan or advance shall be covered into the Treasury of the United States as miscellaneous receipts.

(b) Upon application by any cooperative association the board is authorized to make loans to it from the revolving fund to assist in (1) the effective merchandising of agricultural commodities and food products thereof; (2) the construction or acquisition by purchase or lease of storage or other physical marketing facilities for such commodities and products; (3) the formation of clearing-house associations as hereinafter described; and (4) extending the membership of the cooperative associations applying for the loan by educating the producers of the commodity handled by the association in the advantages of cooperative marketing of that commodity. No loan shall be made under this subdivision unless, in the opinion of the board, the loan is in furtherance of the policy declared in section 1 and the cooperative association applying for the loan has an organization and management and business policies of such character as to insure the reasonable safety of the loan and the furtherance of such policy. Loans for the construction or acquisition by purchase or lease of storage or other physical marketing facilities shall be subject to the following additional limitations:

(1) No such loan for the construction or purchase of such facilities shall be made in an amount in excess of 80 per cent of the value of the facilities to be constructed or purchased.

(2) No loan for the purchase or lease of such facilities shall be made unless the board finds that the purchase price or rent to be paid is reasonable.

(3) No loan for the construction or purchase or lease of such facilities shall be made unless the cooperative association demonstrates to the satisfaction of the board that there are not available for its use at reasonable rates existing suitable storage or other physical marketing facilities.

(4) Loans for the construction or purchase of such facilities, together with the interest thereon, shall be repaid upon an amortization plan over a period not in excess of 20 years. All loans under this subdivision shall be upon terms hereinbefore specified and upon such security and other terms not inconsistent therewith as the board deems necessary.

(c) Upon application of any cooperative association handling an agricultural commodity or of producers of an agricultural commodity, the board is authorized, if it deems such association or producers representative of the commodity, to assist in forming producer-controlled clearing-house associations adapted to effecting the economic distribution of the agricultural commodity among the various markets and to minimizing waste and loss in the marketing of the commodity, if such assistance in the opinion of the board, will be in furtherance of the policy declared in section 1. Such clearing-house associations are authorized to operate under rules adopted by the member cooperative associations and approved by the board. Independent dealers in, and handlers, distributors, and processors of, the commodity, as well as cooperative associations handling the commodity, shall be eligible for membership in the clearing-house association: *Provided*, That the policy of such clearing-house association shall be approved by a committee of producers which, in the opinion of the board, is representative of the commodity: *And provided further*, That such clearing-house association shall operate under such rules and regulations as may be prescribed by the board. The board may provide for the registration of any such clearing-house association.

(d) The board is authorized, upon application of cooperative associations and of the advisory commodity committee for the commodity, to enter into agreements, subject to the conditions hereinafter specified, for the insurance of the cooperative associations against loss through price decline in the agricultural commodity handled by the associations and produced by the members thereof. Such agreements shall be entered into only if, in the opinion of the board, (1) coverage is not available from private agencies at reasonable rates, (2) the insurance will be in furtherance of the policy declared in section 1, and (3) the agricultural commodity is regularly traded in upon an exchange in sufficient volume to establish a recognized basic price for the market grades of the commodity and such exchange has accurate price records for the commodity covering a period of years of sufficient length to serve as a basis to calculate the risk and fix the premium for the insurance. The agreements shall require payment of premiums so fixed and shall include such other terms as the board deems necessary. Moneys in the revolving fund may be advanced to meet obligations under any such insurance agreement but shall, as soon as practicable, be repaid from the proceeds of insurance premiums.

(e) No loan or advance or insurance agreement under this act shall be made by the board if in its opinion such loan or advance or agree-

ment is likely to increase substantially the production of any agricultural commodity of which there is commonly produced a surplus in excess of the annual domestic requirements.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise.

Mr. CRISP. Mr. Chairman, will the gentleman from Iowa withhold that a moment for me to make an inquiry of him?

Mr. HAUGEN. Yes.

Mr. CRISP. I have shown the gentleman from Iowa an amendment that I desire to offer to this section. I suppose, of course, Mr. Chairman, if the committee rises, the right of amendment will be reserved to all members of the committee to this section when we begin its consideration again?

Mr. HAUGEN. Yes; absolutely.

Mr. CRISP. Mr. Chairman, may I ask unanimous consent to have this amendment, which is short, printed in the RECORD, so that the chairman and all the Members of the House may have an opportunity to read it before it is voted on, because I consider it a constructive amendment and it is offered by a friend of the bill.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that an amendment which he proposes to offer may be printed at this point in the RECORD. Is there objection?

Mr. JONES of Texas. Mr. Chairman, reserving the right to object, I would rather have it read, and I have an amendment myself to this section which I want to offer.

Mr. HASTINGS. I would like to have the amendment read.

The CHAIRMAN. There is one unanimous-consent request pending before the committee and that is the request of the gentleman from Georgia—

Mr. HASTINGS. Mr. Chairman, I am going to object to that request and ask unanimous consent to have it read.

The CHAIRMAN. Does the gentleman from Iowa withhold his motion for that purpose?

Mr. HAUGEN. I withhold it; yes.

Mr. JONES of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Will permitting this amendment to be read give it preference over other amendments to-morrow?

The CHAIRMAN. If it is read only for information the Chair thinks not.

Mr. CRISP. Mr. Chairman, I am not seeking any preference at all.

Mr. JONES of Texas. If it is read only for information, I have no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia to have the proposed amendment read for information?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. CRISP: On pages 6 and 7 of the bill strike out paragraph (a) of section 5 and insert in lieu thereof the following:

"Sec. 5. (a) There is hereby authorized to be appropriated the sum of \$500,000,000, which shall constitute a revolving fund to be administered by the board, of which amount the sum of \$100,000,000 is hereby appropriated out of any money in the Treasury not otherwise appropriated, to be immediately available. The board is authorized to make loans and advances from the revolving fund as hereinafter provided. All such loans and advances shall bear interest at a rate to be fixed by the board. Repayments of principal upon any loan or advance shall be covered into the revolving fund. Payments of interest upon any loan or advance shall be covered into the Treasury of the United States as miscellaneous receipts."

The CHAIRMAN. As the Chair understands, the amendment is only read for information, and all rights are reserved.

Mr. CRISP. That is my understanding, Mr. Chairman, and I hope to be recognized to-morrow to offer the amendment.

Mr. HAUGEN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Iowa desires to reserve a point of order, but the Chair thinks the gentleman will have that right to-morrow.

Mr. McKEOWN. Mr. Chairman, I ask unanimous consent to have printed in the RECORD, without reading, an amendment which I propose to offer to-morrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The amendment referred to follows:

Amendment by Mr. McKEOWN: On page 7, line 3, strike out "all such loans shall bear interest at a rate to be fixed by the board" and insert the following:

"All such loans shall bear interest as follows, payable not less frequently than annually: The rate shall be the lowest rate of yield (to

the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph."

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to have printed in the RECORD without reading an amendment which I have sent to the Clerk's desk.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Amendment by Mr. WHITTINGTON: On page 10, in line 26, strike out the period after the word "requirements" and insert the following: "or in excess of the annual world requirements of any agricultural commodity of which there is commonly produced an exportable surplus."

Mr. HAUGEN. Mr. Chairman, I now renew my motion that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 1, had come to no resolution thereon.

ADDRESS OF HON. GEORGE HUDDLESTON, OF ALABAMA

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by placing therein an address by my colleague the Hon. GEORGE HUDDLESTON on Jeffersonian Democracy, delivered at the Jefferson Birthday dinner of the Woman's Democratic Club at Birmingham, Ala., on April 13, 1929.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. Mr. Speaker, under leave granted me to extend my remarks, I submit herewith the address of Hon. GEORGE HUDDLESTON, of Alabama, on Jeffersonian Democracy in Theory and Practice delivered at the Jefferson's birthday dinner of the Woman's Democratic Club in Birmingham, Ala., on April 13, 1929. Mr. HUDDLESTON's lifelong loyalty and devotion to the immortal principles of Thomas Jefferson and his eternal vigilance and high courage in defense of them make him speak on Jeffersonian Democracy with compelling authority.

The address is as follows:

My fellow citizens, I hold in my hand a scrap of paper which carries in a few brief sentences all that is fundamental in Americanism. It is an extract from the preamble of the Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security."

FUNDAMENTAL AMERICANISM

In these few words are contained the articles of our faith. They comprise our political holy writ. It is the test; as you believe in these principles and practice them, you are an American—if you do not adhere to them, yours is not the true faith.

These sentences from the preamble were penned by the immortal Jefferson, the founder of the Democratic Party. They expressed his hopes and his ideals. They were a brief of his political philosophy.

Jefferson believed in men as men. He trusted them as men. He had faith in man's wisdom and man's idealism. In Jefferson's philosophy, man did not owe his right to life, liberty, and the pursuit of happiness to the grace of other men; it did not come from those in authority; it did not originate in governmental policy. He possessed his right because he was a man. His Creator had conferred it upon him along with his soul. Man's right to govern himself was a moral right. It was an inalienable right. He could not give it away. It could not be taken by force. All offenses against it were moral crimes.

According to Jefferson, the individual has a natural right to order his own life. It is an unalienable right, coequal with the right to breathe, to live. Anyone who presumes to interfere with that right commits a moral wrong greater than if he had interfered with the right of property. "Whoso steals a man's liberty is more a thief than he who steals his property."

The individual's right to freedom of action is limited to such of his acts as may affect himself alone. To the extent that his acts may affect the right of another the other may interfere. Where the individual's acts affect himself and another equally both have an equal natural right to decide upon that action. This necessarily follows from the equal right of each in matters affecting himself. But this interrelationship does not destroy the abstract principle or its application to acts if such there may be which affect alone the individual who performs them.

To warrant another to interfere with the actions of the individual they must be such as directly and of reasonable necessity affect him. He may not indulge in remote speculations. The rights of individuals will not permit that the individual's freedom of action may be restrained even for his own good. Where the individual has the discretion belonging to a sound mind he may not be restrained merely for defective judgment, for if such might be done there is no limit to which autocrats might not go. Autocracy is necessarily indefensible, whether benevolent or otherwise, for it usurps power over men reserved to Deity.

The democracy of the community rests upon the same principles as the democracy of the individual—upon natural right and justice. To the extent that the community alone is affected, the individuals composing it have the natural right of unrestrained decision and action. That another community, whether of greater or less enlightenment, should interfere is intolerable. The right of the community to govern itself is not a mere privilege. It does not exist by virtue of political agreement. Its foundation is not in custom nor precedent; it has a moral aspect springing from the very roots of man's existence.

The principles of individual and community democracy are fundamental; they are applicable to aggregations of communities and to States and nations as well. Liberty for the individual is but another phase of liberty for community and for nation. It secures the nation's right to rule itself in those things which concern itself alone.

To the same extent that the individual may rule himself, he must not impose his will upon another; and this, again, is true of communities, states, and nations. It is as violative of fundamental democracy that a nation should rule another as that the nation should not be permitted to rule itself. Democracy, then, may be said to have two aspects—the right of self-government of individuals, communities, and nations, and the denial of interference with other individuals, communities, and nations. The truly democratic nation rules itself and does not usurp dominion over its neighbors.

AMERICA THE FIRST GREAT EXPERIMENT IN DEMOCRACY

We are too prone to accept the preamble as a mere commonplace. To understand America we must know not merely the history of our country but of the world's civilization. We must understand something of world conditions of the time when our Nation came into being.

America was the first of the great Republics. Here was made the original great experiment in democracy, in the ability of all of the people of a nation to govern themselves. The principle that governments derive their just powers from the consent of the governed was here for the first time applied on an important scale. That principle as enunciated in the preamble was untried. It was launched upon a world in which civil government shaded from rule by a small and privileged class down to sheer autocracy.

The doctrines of the preamble were heard in the Old World as the ravings of wild radicals. The beneficiaries of the old system, riding at ease upon the shoulders of the masses, viewed the principles of Jefferson as impossible, almost insane. These principles came into a world of baron and serf, of privilege smug and assured, a world which could not believe it possible that men are created equal.

COLONISTS NOT UNITED FOR INDEPENDENCE

It is a common error to assume that the people of the Colonies were united in their aspirations for independence. In every country and in every time the issue has been between idealism and materialism—between love and service of others on the one hand and selfishness on the other. America was no exception to this rule. To the contrary, the principles which inspired the Revolutionaries were grossly offensive to an important faction. The rich, the powerful, the officials, and many of the educated had Old World ties of both interest and ideals. They wanted to hold to the old systems. They wanted no independence which meant more than the mere transfer of the seat of government to our own shores. It was in the main the great masses who believed in democracy and who were willing to die if need be for a new order. This division of sentiment weakened our efforts and made success infinitely more difficult. The soldiers whom our troops met and overcame at Kings Mountain and the Cowpens were in chief not British redcoats, but Tories born on our own soil.

From the parts of the Colonies not occupied by British troops the Tories withdrew to the West Indies, to Canada, and to Europe. More than 9,000 civilians left with the British troops when they evacuated Charleston at the close of the war. Some of them never came back, but after independence was gained many returned and resumed their property and by degrees their dominating status. Resuming their former wealth, they soon asserted themselves in resuming their former influence. It was only a few years after the Revolution before those who had been Tories during the war disputed for political power with the Revolutionaries who had fought the war.

MISSION OF DEMOCRATIC PARTY

It was to defend the fundamentals of Americanism that the Democratic Party came into being. The great political issues of post-Revolutionary days concerned them. Had Washington, Jefferson, Madison, or Samuel Adams been asked to define Americanism he would have pointed to the preamble and would have said that the chief function of our Government was to safeguard the principles enunciated, and as machinery for the defense of those principles. To Jefferson it was his great mission to expound these principles and to extend their operation. He, with others of his school, were the organized fighting forces of early democracy. They thwarted Hamilton's purpose to clothe the Executive with panoply befitting a monarchy. They opposed the Federalist program in every detail. They struck down the alien and sedition acts of 1798. By the overwhelming support which the people gave to the Jefferson group approval was given to their interpretation of the purposes of the Revolution. The people approved the policies of Jefferson and his associates and their interpretation of Americanism.

Let us see, then, what are American fundamentals: Equality, liberty, and self-government, as found in the preamble; the right of habeas corpus and freedom of speech, religion, and assemblage; prohibition against searches and seizures; due process of law, trial by jury, and other civil rights as secured by the amendments. These principles relate chiefly to the enjoyment of civil and religious liberty and as an incident thereto to the protection of private property.

Without regard for these fundamental principles our Nation may be rich and powerful, but it can not be said to represent the ideals for which the Revolutionaries shed their blood. Without these fundamentals the Nation may possibly be perpetuated, but with the surrender of any one of them or its perversion from its true and original meaning the soul of the old Americanism will have departed.

DIVIDED SCHOOLS OF POLITICAL THOUGHT

The two schools of political thought, of idealism and of materialism, dividing as they did our people in Revolutionary days, have continued down to the present moment. Always the people have been divided along this line—the Democracy of Jefferson and Madison against the Federalism of Hamilton and Adams—the simplicity, courage, and devotion of Jackson and Van Buren against the Whiggish selfishness of Webster, Biddle, and the New England manufacturers; the rugged honesty of Cleveland against the chicanery of Blaine; the idealism of Wilson against the materialism and corruption of the Republicanism of to-day.

Our country is threatened with many dangers. As for myself, I have no fears of radicalism, nor do I fear the encroachments of foreign powers. Rather do I fear ourselves and the falling away of our dominant and influential classes from the pure principles of democracy. Without doubt, there has been a great apostasy. Men do not love fundamentals as once they did. Freedom of speech and of religion, the liberties of the citizen, no longer loom large in the public eye. Our chief concern is with our material life and with what policies shall bring us wealth and material prosperity. We are no longer jealous of the rights of the State, of the community, and of the individual to govern themselves.

NO ROOM FOR TWO PARTIES WITH SAME PRINCIPLES

It is the mission of the Democratic Party to defend the ideals of the preamble, to see to it that its principles flourish and are extended, to defend the rights of man, to recognize that property was created for man and not man for property, that property's rights are limited by the welfare of mankind.

There is not room in this country for two great parties devoted to the defense of property rights and of privileges, selfish interests, and material well-being. The Republican Party has preempted that field, and within it our party can not be a competitor. No party has the right to exist which does not represent the spiritual ideals and social interests of its members. The Democratic Party has no right to exist, and can not exist, as a competitor with the Republican Party, for the patronage of property, special interests, privilege, and governmental favors. Ours is the party of "equal rights to all and special favors to none," and can not and ought not to exist if it should fall away from its high mission.

ALABAMA A DEMOCRATIC STATE

Alabama is a Democratic State. It is Democratic because of the ideals and sentiments of its people, because of their traditions, of their memories of the past, and their hopes and aspirations for the future.

Were there no other sufficient cause, Alabama would be Democratic out of gratitude for its rescue from the ruthless plundering of Republican carpetbaggers and thieves.

But, apart from all these reasons, Alabama is a Democratic State for the overwhelming reason that this section is cursed by a paramount issue. It is the race issue. We did not create the issue and would gladly put it aside, but it has been persistently thrust upon us by the Republican Party. Compared with this issue, all other issues shrink to nothingness. Fundamentally, it is a social question. In its final aspect in striving for white supremacy we battle against social equality between the races and for the purity of the blood which flows in our veins. The real issue is whether the people of the South shall be degraded mongrels of mixed and polluted blood. Shall the southerner of the future be a mulatto, with the bad qualities of both races and the virtues of neither, or shall ours still be a land of culture and of high ideals? Upon this issue we can never surrender and can never accept defeat.

Just so long as the Republican Party shall pursue its despicable policy of pandering to the negro—just so long as that party, for low political purposes, shall use the negro to promote strife in the South and shall encourage him in aspirations which the welfare of our civilization forbids us to concede—just that long will the South support the Democratic Party.

NO PARTY DIVISIONS FOR ALABAMA

I hear men say that we need two strong parties in Alabama, each to watch the other, and that it would promote good government. They ought to have better sense. They don't know when they are well off. Of course, we have our faults of local government. Sometimes weak or selfish men are in office. Our government is never ideal. But look at the States where the political parties are of fairly equal strength. Is their condition better than ours? Are Indiana and Oklahoma better governed than Alabama?

The theory is unsound. Party strife does not make for good government. Fairly equal strength of parties means intense partisanship, ring rule, machine control, corruption, demagoguery, and strife.

The thing that Alabama needs more than all else is harmony and solidarity within the Democratic Party. No greater calamity can befall us than that the responsible white people of our State should be divided among themselves. We need to stand together, to forget all our past differences and minor clashes of opinion—to stand together as responsible, thoughtful men and women, patriotically devoted to securing for our State the best possible government and the highest ideals of service, courage, and devotion in our public officials. We must stand together to defend the traditions of our State and its civilization and to secure for it a noble future in keeping with its glorious past. We must stand together as Democrats to defend the principles of Jefferson and the hopes of the founders of the Republic.

SWEARING IN OF A MEMBER

THOMAS M. BELL, of Georgia, appeared at the bar of the House and took the oath of office prescribed by law.

ADDRESS OF HON. WILLIAM R. COYLE, OF PENNSYLVANIA

MR. BEEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address by my colleague the Hon. WILLIAM R. COYLE before the New England Society of Lehigh Valley, at Hotel Allen, Allentown, Pa., April 20, 1929.

THE SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection?

MR. BEEDY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address.

The address is as follows:

To you, Mr. President, and to the gentlewomen and gentlemen, members of the organization, and guests, I bring a greeting from your Capital City. That city and the Federal Government there has come in these recent years to appreciate very much the rugged simplicity, the trained directness, and the ingrained granitelike character of a great leader, born and bred mid your New England hills.

There is no doubt among New England people a certain introspection. There is a certain tendency, most evident around Capitol Hill and the Back Bay area, to limit a western horizon to the Blue Hills most nearly in sight. There is and has been for 300 years and more a certain tendency to look eastward for example and westward for support. There is still in the shadow of the sacred codfish a school or line of thought which insists that the best thing in New York is the 1 o'clock train to Boston. You or your immediate forbears have ventured beyond the Blue Hills and west of the Connecticut, the Hudson, and the Delaware; have gone 2 years or 200 years ago into the borderland of Penn's colony. You brought with you generally into a fair land, into a good land, the best of those traits of character, habits of mind, and practice of living which have been builded by the resistance of your frigid winters and rugged hills.

Early in young manhood, I measured, with accurate levels, and marked in its own enduring granite, the height and the breadth of

Monadnock—that enduring symbol of greatness and of simplicity. Firm, steadfast, unchanged, and most nearly unchangeable, the foundation stone typical of your New England, from which has risen the arch of the Union.

From the early days, dating back even to the New England printer who came as a boy to Philadelphia to cast in his fortunes, first, with Pennsylvania, and then with the Colonies and the Union, even from Franklin's day, the New Englanders coming to Pennsylvania have brought those habits of mind and practices of living which have resisted ease and comfort, even as the Monadnock stands above the surrounding hills.

Their foundation stone is character, and in New England, born of that character, have started all of the great movements which oft-times have found both the dark night of Valley Forge and the bright, strong noonday of the struggle, as at Gettysburg, on Pennsylvania's sacred soil.

In these glorious springtime days, when the purity of the white dogwood is dotted with the brilliance of the redbud trees, the first a symbol of purity of motive, and the second a reminder of the blood of patriots shed on Pennsylvania's soil; in these springtime days we look back from Pennsylvania to New England with interest in your devotion to ideals and in your New Englander's strength of character and purpose.

Boyhood days spent on that great glacial morain of Cape Cod, where Monadnock's outer shell has been deposited by the retreating ice cap, found there on Cape Cod the point from which the Revolution started. Here in the village of Barnstable, where the king's highway meets the rendezvous lane of colonial days; here the men of Cape Cod assembled to overthrow, and did overthrow, the King's court, then in session. Here, then, was that first expression in deeds of the Colonies' resentment of the Crown. And here, in Barnstable village, was started the Revolution. From here the men of Provincetown and the cape went through Plymouth to Boston, falling in with Samuel Adams and that courier, Revere. One hundred and fifty-four years ago, the night before last, Revere carried to hamlet, village, and town the word that the British were marching, and also that the men of Cape Cod had joined with them in a certain famous tea party. From Cape Cod to Lexington and Concord that idea, planted in New England, grew and spread until it found its winter of despair at Valley Forge and its Christmas of hope at Washington's crossing.

From New England character and purpose, as from Monadnock's firm foundation, springs that arch of the Union, brought to its crowning keystone in Pennsylvania, the Keystone State. To you men and women of New England in Pennsylvania, whose purity of motive has been your guiding star; to you who work for a cause and not for self; to you who aim for results and not for recording your own part in those results, I bring a message from Thoreau, who on seeing that many people had, with chisel and mallet, carved their names in Monadnock's summit, and on realizing the forethought which necessitated that they carry the chisel and mallet to that summit, said: "It reminds one what kind of steep do climb the false pretenders to fame, whose chief exploit is the carriage of the tools with which to inscribe their names." The founders of the Union thought more to build and not at all to record their part in the building.

And so it is a pleasure to record from Pennsylvania the part that you and your forebears have had. It is fair and fitting for us of the keystone of that arch to look back at that foundation from which is sprung the arch, and to measure and record the faith of fathers who builded on such a foundation of character.

EXPENSES OF THE LEGISLATIVE BRANCH OF THE GOVERNMENT

Mr. CRAMTON. Mr. Speaker, at the suggestion of the gentleman from Connecticut [Mr. TILSON] I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1412) making appropriations for certain expenses of the legislative branch incident to the first session of the Seventy-first Congress and agree to the Senate amendment.

The SPEAKER. The gentleman from Michigan asks unanimous consent to take from the Speaker's table a House bill with a Senate amendment and agree to the Senate amendment. The Clerk read the Senate amendment.

Mr. CRAMTON. Mr. Speaker, I will explain that the bill in question is a bill making appropriations for certain expenses of this special session of Congress. The Senate amendment appropriates \$5,000 for equipment and supplies for the Senate restaurant.

Mr. GARNER. Mr. Speaker, reserving the right to object, the gentleman from Tennessee [Mr. BYRNS] said over the phone that he had no objection to this. While I am on my feet may I suggest to the gentleman from Michigan that it seems to me that Congress ought to know at some time and the Appropriations Committee ought to make a report showing how much it is costing the people of the country to accommodate Members of Congress—the Senate and the House—by having restaurant accommodations. I do not know anything about the \$5,000 in this bill, but sometime somebody ought to give information

about how much it costs the people of the United States in order that Members of Congress may have accommodations in the Capitol for food. My impression is that it costs more to take care of 96 men than it does 435 men. Nobody wants to furnish free food in this country either to the House or the Senate.

Mr. CRAMTON. Mr. Speaker, if the gentleman will permit, the legislative appropriation bill carried an item of \$40,000 for a similar purpose for the Senate restaurant. There was no direct appropriation carried in that bill for the House restaurant. There are, as I understand, certain employees of the House restaurant maintained out of the contingent fund of the House.

I may say without making any invidious comparison—I do not know how far the rules of the House go in talking about the business of the Senate—sometimes not as far as they ought to permit us to go, but I may say that my information is that the House restaurant is not a charge on the Treasury, and has not been for the last year or two.

Mr. GARNER. What I understand the gentleman to say is that as far as the appropriation goes the House restaurant is costing the people nothing, whereas the Senate restaurant is costing \$45,000. I think, as a member of the Appropriations Committee, you ought to let the country know exactly what it is costing for the accommodation. The gentleman says there was \$40,000 carried in the last appropriation bill for the Senate restaurant, and here is \$5,000 additional. If that is correct, it is costing \$45,000 a year for the Senate restaurant, whereas it is costing nothing for the House restaurant.

Mr. CRAMTON. The House makes no direct appropriation for its restaurant. There are a few employees of the House restaurant that are taken care of from the contingent fund of the House.

It is my opinion that, generally speaking, the last year or two the House restaurant has been self-sustaining. Any of us who eat down there pay in full for what we get.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. MICHENER. From the remarks made by the gentleman from Texas [Mr. GARNER] it might be inferred, if those remarks are read alone, that the Members of Congress get something to eat free, paid for by the taxpayers. I want the RECORD to show that the Members of Congress in using the dining rooms in the Capitol pay for the facilities at as high, or higher, rates as in any other restaurant. So far as the Members of Congress are concerned we get nothing for nothing, so to speak.

Mr. CRAMTON. We pay for what we eat in the House restaurant, and it is substantially self-sustaining. As to the matter of a thousand dollars or so, I am not sure; I can not speak with definiteness.

Mr. LAGUARDIA. How about the \$45,000 for the Senate restaurant?

Mr. CRAMTON. I am not discussing the Senate. I am not sure how far, under the rules of the House, I might be permitted to show.

Mr. MICHENER. The reason I make the suggestion I do is because within my memory a gentleman from a State not far from the State of the gentleman from Texas made political speeches through a campaign, and took with him one of the menu cards from the House restaurant, and indicated to the public that the taxpayers of the country were furnishing meals free to the Members of the House in this House restaurant. I think we all understand that that was done, and I want a distinct understanding about the matter, so far as the RECORD is concerned. The only advantage of the restaurants, so far as Members are concerned, is that the restaurant is near by. We pay for all we get.

Mr. GARNER. Mr. Speaker, may I ask the gentleman from Michigan a question?

Mr. CRAMTON. Yes.

Mr. GARNER. I do not think it is any reflection on the Senate or any violation of the rules to give facts touching an appropriation bill.

Mr. CRAMTON. I have given such facts as I have.

Mr. GARNER. I ask the gentleman to give the information in the next appropriation bill report and show exactly the expense of the House and the Senate restaurants.

Mr. CRAMTON. Whatever is appropriated either through the contingent fund or directly as in this case is carried in the legislative appropriation bill, and I am sure that the subcommittee having that in charge would have exact information. I want to emphasize the fact that the House restaurant is substantially taking care of itself, and that we are getting better service there than we have ever had before. Furthermore, such a facility is a necessity for the transaction of the public business, because of the hours of committee hearings, and so forth.

Mr. SCHAFER of Wisconsin. Is there any reason why the Senate restaurant can not be self-sustaining the same as the House restaurant?

Mr. CRAMTON. Without passing on that, I think we have been very fortunate in our management of the House restaurant.

Mr. SCHAFER of Wisconsin. I shall object to this request unless I am assured that the Committee on Appropriations, which makes the appropriations for running the Senate restaurant, is going to carefully investigate the matter so that they can bring out an intelligent bill and a report setting forth the facts.

Mr. LAGUARDIA. Oh, this deficit was going on long before the gentleman or I came to Congress.

Mr. CRAMTON. The gentleman knows that the parliamentary situation between the two Houses makes it difficult for the House committee to scrutinize overzealously the expenditures of the Senate. It is customary also for the Senate to let the House run its own business. Every effort has been made in the House for several years to put the restaurant of the House on a self-sustaining basis.

Mr. SCHAFER of Wisconsin. I suggest to the gentleman under the reservation of the right to object that the Appropriations Committee call responsible persons running the Senate restaurant and have a complete investigation, because the people of the country and this Congress are entitled to know the facts as to whether or not the \$45,000 of the people's money should be expended annually for the Senate restaurant. In view of the parliamentary situation I shall not object to the unanimous-consent request. I hope that the Appropriation Committee, of which the gentleman from Michigan [Mr. CRAMTON] is a member, will investigate the matter. If they do not, I shall be compelled to request the Expenditures Committee to conduct such investigation. The people of the country are entitled to know the facts and whether the expenditure of this \$45,000 per year from the Federal Treasury is justified.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

COMMITTEE ON ENROLLED BILLS

Mr. TILSON. Mr. Speaker, in connection with the bill just passed, I ask now for the election of those members of the Committee on Enrolled Bills who were members of that committee in the Seventieth Congress. The passage of this appropriation bill discloses the necessity for having this committee organized. I offer a resolution to that effect.

The Clerk read as follows:

House Resolution 30

Resolved, That the following Members be, and they are hereby, elected as members of the Committee on Enrolled Bills: GUY E. CAMPBELL, FREDERICK N. ZIELMAN, JOE J. MANLOVE, MELL G. UNDERWOOD, and MILES C. ALLGOOD.

The SPEAKER. Without objection, the resolution will be agreed to.

There was no objection.

PROPOSED AMENDMENT TO FARM RELIEF BILL

Mr. DAVIS. Mr. Speaker, I ask unanimous consent to print in the Record for the information of Members, in connection with my remarks, an amendment to the section of the agricultural bill which has just been read, and which I intend to offer to-morrow, if given the opportunity, proposing the same language and the same rate of interest with respect to these loans and advances that are contained in the shipping act pertaining to the \$250,000,000 revolving-loan fund, which language was approved by the Secretary of the Treasury.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to print a proposed amendment to the bill under consideration. Is there objection?

There was no objection.

The proposed amendment is as follows:

Amendment offered by Mr. DAVIS: Page 7, line 4, after the word "board," insert a colon and the following: "Provided, That such rate shall not exceed the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request."

REFRIGERATION CHARGES ON FRUITS, VEGETABLES, BERRIES, AND MELONS FROM THE SOUTH

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing therein a decla-

sion of the Interstate Commerce Commission with reference to the refrigeration of fruits, vegetables, melons, and so forth, from the South.

The SPEAKER. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, ever since I have been in Congress I have been working with a view to getting relief for the truck growers of the South from unreasonable freight and express rates and have given considerable time and attention to aiding the shippers in getting better facilities, particularly in North Carolina and in that territory which affects my district. It is most pleasing to me to note that the Interstate Commerce Commission has at last taken this matter up actively.

On February 12, 1929, the commission announced its decision in Docket No. 17936 with reference to the refrigeration charges on fruits, vegetables, berries, and melons from the South. This was an investigation by the commission upon its own motion into the justness, reasonableness, and lawfulness of the charges of railroads in southern and official classification territories applicable to the protection against heat of perishable freight, principally fruits, vegetables, berries, and melons, from points in Florida, Georgia, South Carolina, North Carolina, and Virginia to destinations in that part of the United States north of Virginia and east of a line running practically through Pittsburgh and Wheeling.

The investigation was instituted by the Interstate Commerce Commission at the request of certain of the railroads, a request which was the outgrowth of dissatisfaction with conclusions reached by the commission in previous cases dealing with the refrigeration charges on this perishable traffic. In its decision rendered in July, 1921, the commission required that the refrigeration charges on this traffic be reduced by 20 per cent of the cost of the ice as set up by the carriers in justification of the then existing charges. In November, 1922, the carriers were permitted to increase the charges by 5 per cent of the amount set up by them as the cost of the ice necessary in the refrigeration. In the latter part of 1923 the railroads attempted to increase the refrigeration charges, and after investigation the commission refused to allow such increases to take effect.

In 1926 certain of the railroads requested the commission to make a thorough investigation of the cost to the carriers of furnishing the refrigeration service. Refrigeration service is furnished by the railroads through the agency of the Fruit Growers' Express Co., which is not a common carrier nor subject to the jurisdiction of the commission. All of the capital stock of this company is owned by 18 railroads operating in the eastern part of the United States. The investigation on the part of the commission included a detailed examination of the accounts and records of the Fruit Growers' Express Co. and of field observations as to the amount of ice used, the time of locomotives devoted to switching, and certain matters relating to the operation of trains carrying this perishable traffic.

As previously stated, the Fruit Growers Express Co. is not a common carrier nor subject to the jurisdiction of the Interstate Commerce Commission. It does not file reports with the commission, neither does the commission have authority under the act to examine the books and records of the express company. In previous investigations the commission and the shippers have been at a disadvantage in dealing with the matter of refrigeration charges because of the inaccessibility of accounts and records which were necessary to a proper investigation of the cost of furnishing the refrigeration service. In this particular case the books and records of the Fruit Growers Express Co. were voluntarily opened for examination by representatives of the commission with the result that the commission had before it information which it did not have when these charges were previously considered.

In the past there has been considerable dispute as to the elements or factors which properly should be considered in arriving at reasonable charges for refrigeration service. The shippers urged that the cost of hauling the ice necessary to refrigeration and of switching cars to and from icing platforms was considered in arriving at the freight rate and should not again be considered in arriving at charges for refrigeration. There is little doubt that the carriers have in previous cases used certain of the elements of cost in defending the freight rates on this traffic and afterwards used the same elements of cost in defending the refrigeration charges. In this investigation the commission endeavored to outline the fundamental principles to be considered in arriving at proper charges for refrigeration and set at rest the questions as to what elements of cost should be considered, which questions had been the source of so much dispute between carriers and shippers in the past. The net result of this investigation was a requirement by the Interstate Commerce Commission that the railroads reduce their charges for

refrigeration on fruits, vegetables, berries, and melons originating in Florida and moving to the northeastern part of the United States by 14.5 per cent. Similarly, a reduction of 16 per cent on traffic originating in Georgia, 11½ per cent on traffic originating in South Carolina, a reduction of 11 per cent on traffic originating in North Carolina, and a reduction of 4½ per cent on traffic originating in Virginia was required. These reductions amount to approximately \$10.50 per car from Florida, \$13 per car from Georgia, \$7.40 per car from South Carolina, \$7.75 per car from North Carolina, and \$2.60 per car from Virginia. A total of approximately 36,000 cars move each year between the territory affected by these reductions.

This investigation disclosed a rather unusual relation between the Fruit Growers Express Co. and the railroads owning stock therein. The entire revenue from the refrigeration service is collected by the railroads but turned over to the Fruit Growers Express Co. This includes the charges collected by the railroads for the hauling of ice in bunkers of refrigerator cars and for switching such cars to and from icing platforms. These services are performed entirely by the railroads, yet the revenue therefrom is turned over to the Fruit Growers Express Co. The commission stated that it did not have power to correct these matters by order but that the existing arrangements should clearly be readjusted so that any amounts which shippers pay through the refrigeration charges for the hauling of ice and the switching of cars should go to the carriers which perform those services. As previously stated, under the present law the commission does not have access to the records of the Fruit Growers Express Co. which could be enforced as a matter of legal right. The commission said that this is an indefensible situation which ought not to be permitted to continue.

As a result of these disclosures from this investigation and because of numerous requests from growers and shippers of perishable freight in various parts of the United States, the commission has instituted another investigation of similar nature into the reasonableness and lawfulness of the charges applicable to the protection against heat or cold of perishable freight from and to all points of origin and destination in the United States excepting points of origin in the States covered by the investigation referred to heretofore.

The State of North Carolina at this hearing was represented by Messrs. A. J. Maxwell, N. B. Correll, I. M. Bailey, and W. G. Womble for the corporation commission; Mr. J. A. Brown, for North Carolina Department of Agriculture, division of markets; and the growers and shippers were represented among others by Mr. W. A. Thornton, Mr. T. H. Cribb for Carolina Cooperatives, Consolidated, Peach Growers Association, and Carolina Dewberry Association; Mr. R. A. Poole for Wilmington Traffic Association, Wallace Strawberry board of trade, Chadbourne Chamber of Commerce, and Wilmington Truckers Association; and many other representatives of Southern States affected.

The decision of the commission is of such moment it is herewith given in full:

INTERSTATE COMMERCE COMMISSION

No. 17936. (This report also embraces No. 17132, Georgia Fruit Exchange et al. v. Aberdeen & Rockfish Railroad Company et al.; No. 17132 (Sub.-No. 1), Georgia Peach Growers Exchange v. Same; and No. 17860, American Fruit Growers (Inc.) (Sanford Division) et al. v. Same.)

IN RE REFRIGERATION CHARGES ON FRUITS, VEGETABLES, BERRIES, AND MELONS FROM THE SOUTH

(Submitted December 7, 1928. Decided February 12, 1929)

Present refrigeration charges on fruits, vegetables, berries, and melons from points in Florida, Georgia, South Carolina, North Carolina, and Virginia to destinations in trunk-line and New England territories found unreasonable after detailed investigation of the cost of the service to which they apply. Maximum reasonable charges prescribed for the future.

Refrigeration charges on peaches from points in Georgia, North Carolina, and South Carolina to destinations in official and southern territories and to certain destinations in western territory not shown by record in separate complaint cases to have been or to be unreasonable.

REPORT OF THE COMMISSION

Eastman, Commissioner:

This is an investigation instituted upon our own motion into the justice, reasonableness, and lawfulness of the charges of railroad carriers in southern and official territories, applicable to the protection against heat of perishable freight, principally fruits, vegetables, berries, and melons from points in Florida, Georgia, South Carolina, North Carolina, and Virginia to destinations in official territory; and into the character, extent, and cost of such protective service, with a view to determining just, reasonable, and lawful charges therefor. The investigation was instituted at the request of certain of the respondents, a request which was the outgrowth of dissatisfaction with conclusions reached in Railroad Commissioners of Florida v. Director General, 61

I. C. C. 438; 74 I. C. C. 157, and Refrigeration Charges from Florida, 85 I. C. C. 247.

A proposed report was prepared by the director and a special examiner of our bureau of service. Oral argument was had upon exceptions to this report filed both by respondents and by representatives of shipping interests. We have reached conclusions differing in minor respects from those recommended in the proposed report.

Refrigeration service is furnished by respondents through the agency of the Fruit Growers Express Co., hereinafter called the express company, which is not a common carrier nor subject to our jurisdiction. *Ellis v. Int. Com. Comm.*, 237 U. S. 434. *Chicago Refrigerator Co. v. I. C. C.*, 265 U. S. 292. All the capital stock of this company is owned by 18 of the respondents, as follows:

	Number of shares owned	Per cent of shares outstanding
Atlantic Coast Line.....	9,914	23.30
Alabama Great Southern.....	25	.06
Baltimore & Ohio.....	3,571	8.39
Central of Georgia.....	1,262	2.97
Chicago & Eastern Illinois.....	728	1.71
Cincinnati, New Orleans & Texas Pacific.....	633	1.49
Florida East Coast.....	1,455	3.42
Georgia, Southern & Florida.....	228	.54
Louisville & Nashville.....	1,940	4.56
Mobile & Ohio.....	445	1.05
New Orleans & Northeastern.....	8	.02
Nashville, Chattanooga & St. Louis.....	1,167	2.74
Norfolk & Western.....	495	1.16
New York, New Haven & Hartford.....	815	1.92
Pennsylvania.....	9,997	23.50
Richmond, Fredericksburg & Potomac.....	1,745	4.10
Seaboard Air Line.....	5,638	13.25
Southern.....	2,478	5.82
Total.....	42,544	100.00

The express company owns or leases a total of 17,910 refrigerator cars. It has agreements, either formal or by letter, with 56 respondents, whereby it agrees in substance to furnish such cars as are required to transport under refrigeration or under ventilation (insulated service without ice) perishable freight originating on their lines, and when requested to ice the cars and keep them properly iced in transit between loading point and destination. Hereinafter the relations between respondents and the express company will be more fully considered.

The general subject of the special services rendered by carriers in protecting perishable freight from the effects of heat or cold was considered in *Perishable Freight Investigations*, 56 I. C. C. 449. It was there shown that there are two general methods of charging for icing service, (1) the "stated charge" method, and (2) the "cost of ice" method. Under the former the carrier undertakes for a stated charge to render such service from point of origin to destination; under the latter, to furnish at a published charge per ton whatever quantity of ice may be directed by the shipper. The stated charge basis now applies generally throughout the country on carload shipments of fruits (except bananas and coconuts), vegetables, berries, and melons, and the perishable freight which originates in the South consists very largely of such commodities. For that reason the evidence relates almost wholly to standard refrigeration service for which stated charges are published. Standard service contemplates initial icing to bunker capacity at point of origin and reicing to capacity at regular icing stations en route. It is distinguished from icing service of a more limited kind, such as the service which is furnished at the direction of the shipper under the cost-of-ice basis, or what is known as "half-tank" refrigeration, or service which involves icing to capacity at point of origin but no reicing en route.

Stated refrigeration charges are in theory based upon the cost of furnishing the service, but it is no easy matter to determine that cost and it has always been a matter of sharp controversy between shippers and carriers. It was the particular purpose of this investigation to set that question at rest, if possible, so far as the important northern movement of fruits and vegetables from the Southern States involved is concerned. Much of the evidence was supplied by research of our own staff, consisting in the main of an analysis of the accounts and records of the express company and observations of the amounts of ice supplied to cars and of the time consumed in switching movements made necessary by the icing. We lack statutory authority to examine the accounts and records of the express company, but they were voluntarily opened for our inspection. Practically all of the evidence submitted by respondents or shippers was either in support or refutation of that presented by our staff. The annual reports to us of the 18 respondents who control the express company were also made a part of the record by stipulation.

To destinations in trunk line and New England territories the traffic in question substantially all moves through Potomac Yard, Va., with the exception that some Virginia traffic and possibly some traffic also from eastern North Carolina moves through the Norfolk (Va.) gateway.

To destinations in central territory, however, most of the traffic moves through Ohio River gateways. Since we did not have enough men to cover the entire field, our observations were confined to the traffic passing through Potomac Yard, which is much larger in volume than the traffic passing through any other gateway.

The cost to be determined is the cost of the icing service. That is to say, it is the cost incurred by or on behalf of respondents because the cars are iced, and which would not be incurred in the course of transportation except for that icing. We shall have occasion to discuss this matter at greater length hereinafter. For the present it is sufficient to say that it has been found in prior cases that compensation for the use of refrigerator cars, as distinguished from other types of cars, should not be included in the special charges for icing service. As was said in the early case of *Arlington Heights Fruit Exchange v. S. P. Co.*, 20 I. C. C. 106, 108:

"The fact that refrigeration is required and the circumstances under which it is called for and furnished render it necessary to use a refrigerator car as a practical matter for the transportation of these citrus fruits at all periods of the year. In determining the freight rate this fact has been taken into account; that is, the rate applied on shipments under ventilation has been adjusted in view of the fact that a refrigerator car, more expensive than the ordinary box car, must, as a practical matter, be employed. Hence, in determining the additional sum which the shipper who has the benefit of refrigeration shall pay, nothing should be added by reason of the fact that a car of this type is used."

The evidence here shows that refrigerator cars are generally used at all seasons of the year for transportation of the fruits and vegetables in question, and that the line-haul rates are the same whether ice is or is not used. Where ordinary box cars are used to a considerable extent for the transportation of particular kinds of perishable freight, a special charge is sometimes made for the use of a refrigerator car, but in such cases it takes the form of a car rental separate from the refrigeration charge. Here there is no such situation.

In *Perishable Freight Investigation*, supra, at page 492, the main elements of the cost of icing service were listed as follows:

1. Cost of ice furnished.
2. Hauling the ice placed in the bunkers of the refrigerator cars.
3. Switching cars to and from stations for the purpose of placing ice in the bunkers.
4. Repairs to the refrigerating devices of refrigerator cars (herein after called bunker repairs).
5. Supervision.

This classification has been followed generally and originated in *Arlington Heights Fruit Exchange v. S. P. Co.*, supra. The evidence herein covers these elements of cost and also the further elements of taxes, risk or hazard, and profit.

Before considering this evidence the contention of our accountants and various shipping interests should be considered that the costs of hauling the ice, switching the cars, and repairing bunkers should not be included in arriving at reasonable charges for the icing service. The theory is that the line-haul rates include compensation for these expenses, so that duplication will result if they are also covered by the refrigeration charges. The most important evidence in support of this theory, typical of other evidence, is found in the record in *Waxelbaum & Co. v. Atlantic Coast Line R. R. Co.* (12 I. C. C. 178), which by stipulation was made a part of the record herein. That case involved the line-haul rates and refrigeration charges on peaches from Georgia to northern destinations. In support of the former, a traffic witness for the carriers included, among other things, the costs of hauling the ice and switching the cars for icing purposes. In support of the latter he mentioned various items of expense but did not include ice haulage, switching, or bunker repairs. What items of expense we took into consideration in arriving at the rates and charges then prescribed is not definitely indicated in the report. However, since the *Perishable Freight Investigation*, supra, the refrigeration charges on peaches from Georgia, and, indeed, the similar charges on all southern fruits and vegetables, have been designed to include all costs incurred by reason of the icing service, and line-haul rates on peaches from Georgia were prescribed without regard to such costs in *Georgia Peach Growers' Exchange v. A. G. S. R. Co.* (139 I. C. C. 143, 148 I. C. C. 755).

However, the question may and should be considered in a broader way. For whatever costs they incur because of the icing service respondents are clearly entitled to compensation. The question is as to how that compensation shall be provided. Clearly the logical method is to cover by a separate charge all such extra costs and to confine the line-haul rates to the transportation service which is rendered whether or not ice is furnished. If this is not done, either the line-haul rates will cover service which is not rendered when the shipments move under ventilation or with initial icing only, or the line-haul rates should vary, dependent upon whether or not and the extent to which ice is supplied. In the case of fruits and vegetables the principle of separating the compensation for the auxiliary icing service from the line-haul rates is now generally followed throughout the country, and we know of no good reason for not following it here. The situation may

be different as to other classes of perishable freight, but it would be inappropriate in this proceeding to express an opinion upon that point. It may also be that some of the line-haul rates upon the fruits and vegetables in question are not properly adjusted, but that also is not in issue here.

COST OF ICE

Ice constitutes the largest item of expense incident to the icing service. Price per ton and the quantity used are variable factors. The bunkers of cars in which fruits and vegetables are transported are usually filled to capacity at point of origin and at all regular icing stations en route. The general practice is to fill them before the cars are placed for loading. Since the empty cars are usually dry (i. e., contain no ice) and warm, the ice melts rapidly when the bunkers are filled, and also when the lading is placed in the cars. The first two or three reicings en route on the longer hauls, such as are involved in this proceeding, require larger quantities than subsequent reicings after the car has become thoroughly chilled. The result is that the cost of ice does not vary in proportion to length of haul, but is relatively higher for short than for long hauls. Obviously the amount of ice used is also influenced by outside temperatures and character of lading and by the time consumed in movement of cars from point of initial icing to point of loading, in loading, in terminal movements, and in road haul.

Neither shippers nor carriers desire the refrigeration charges to vary with seasons or temperatures or routes, and the charges must therefore be based upon average normal conditions. It has always been the practice, however, to differentiate the charges as between origin and also destination groups, and to some extent as between kinds or groups of commodities. No substantial objection has been made of record to the existing territorial grouping or to the classification of the fruits and vegetables, and we shall follow this grouping and classification in prescribing charges herein.

The evidence as to unit costs of the ice used was obtained by our accountants from the records of the express company. Evidence as to the quantities used was also so obtained, but it was in part checked by observations made by our inspectors at icing stations. These observations covered four routes from the South through Potomac Yard. During February and April, 1926, our inspectors were stationed at Miami, Fort Pierce, Bowden, Palmetto, Wildwood, Baldwin, Trilby, Lakeland, Haines City, Sanford and Monierief Yard, Jacksonville, Fla., Waycross, Ga., Florence, S. C., Hamlet, N. C., and Potomac Yard. In April they were also stationed at Greenville, N. J. From May 1 to 17 they were stationed at Charleston, Bennetts, and Florence, S. C., Chadborn, Wilmington, Hamlet, and Rocky Mount, N. C., Potomac Yard, Greenville, N. J., and Midway, Conn. From June 15 to July 15 they were stationed at Fort Valley, Macon, Sawtelle, and Atlanta, Ga., Spencer, N. C., Potomac Yard, Greenville, and Midway.

During the above periods the observations covered the initial icing of 16,771 cars, but due to diversions and because many cars moved to destinations not included in the selected routes complete icing records from point of origin to destination were obtained only for 7,198 cars. To some of these cars ice was applied at points where we had no inspector, and in determining the amounts furnished at such points the records of the express company were used. The following table recapitulates the results of the observations on the 7,198 cars, with other pertinent information:

Month	Originating States	Number of cars	Ice accounted for—Average per car	Length of haul—Average per car	Average days en route per car	Average cost of ice per car
1926			Pounds	Miles		
February	Florida	1,534	17,641	1,154	6.19	\$33.64
April	do	2,307	21,060	1,174	6.07	41.62
May	North and South Carolina	1,682	16,330	641	3.01	33.41
June	Georgia	569	22,230	959	4.00	42.01
July	do	1,106	23,105	960	4.90	43.22

In determining the amounts of ice applied and in computing the cost thereof necessary adjustments have been made to eliminate ice for which respondents received compensation through other than stated charges. The amounts shown in column 4 of the table include ice applied to the cars at destination or other points where our inspectors were not stationed and exclude ice applied at hold or diversion points for shippers' account, top-off ("top-off" ice is such ice as is necessary to refill bunkers of cars previously iced but not loaded) ice not paid for by the express company, and old ice remaining in cars when placed for initial icing.

The average cost per ton of the ice used on the 7,198 cars during the respective months was as follows:

	Per ton
February	\$3.814
April	3.952
May	4.092
June	3.779
July	3.742

The ice is obtained from three sources: (1) From ice companies under contracts, (2) from railroad companies at tariff rates, and (3) from ice plants operated by the express company. The costs of that obtained from the first source, contract ice, and from the third source, assembled ice, vary considerably at different stations and from month to month. Where ice was shipped to icing stations our accountants used costs at shipping point plus freight charges and handling expense, no deduction being made for shrinkage.

Of the 7,198 cars, 428 contained a total of 1,219,544 pounds of old ice when placed for initial icing. At \$4 per ton this ice averaged \$5.68 per car for the 428 cars, or 34 cents per car when spread over the 7,198. Ice remaining in bunkers after shipment has been unloaded at destination is in part returned in the empty cars and in part used in the refrigeration of subsequent shipments handled on the cost-of-ice basis. The receipts from this source are paid by respondents to the express company and are included in the accounts of the latter covering ice sales.

Average quantities of ice used per car on the shipments observed in 1926 by our inspectors were compared with corresponding quantities during the same months of 1925, as shown by the records of the express company. The following table gives this comparison:

Month	Number of cars		Ice used (average pounds per car)	
	1925	1926	1925	1926
February	1,306	1,534	18,969	17,641
April	1,371	2,307	22,081	21,060
May	908	1,682	16,214	16,330
June	890	569	23,661	22,230
July	1,044	1,106	25,047	23,105
Total	5,519	7,198	121,195	119,633

¹ Average.

This table shows that the quantity of ice used per car in 1926 was approximately 7.4 per cent less than in the same months of the preceding year. As above indicated, amounts used are influenced by the character of the lading and by temperatures encountered at origin point and en route. A comparison of temperatures prevailing in the months in question at various stations along the routes show that they averaged somewhat lower in 1926 than in 1924 or 1925; and upon this fact respondents rely in explanation of the lesser quantities used in 1926. Certainly it is a partial explanation, but whether it is a complete explanation is a matter of conjecture. However, temperatures will vary from year to year, and there is nothing to show that those which prevailed in 1925 were more nearly normal than those which prevailed in 1926.

Respondents question the propriety of excluding from the amounts of ice on which costs are computed such old ice as remains in bunkers at time of initial icing. The basis of the exclusion was that there is always a certain amount of ice which can be reused in this way, and that after it has been paid for once by the shipper it ought not to be paid for again. As is shown above, the shipper receives no credit when the ice is sold at destination instead of being returned. Respondents reply that cost is incurred in hauling the ice back for further use, and that this cost, at least, ought to be included. There is some evidence tending to show that the cost of returning old ice is in excess of \$4 per ton, which is the value which was assigned to it by both respondents and our accountants. It is improbable that the difference between the approximation used and the exact cost, which can not be determined from the record, would justify the expense of further study. The matter is of little importance in dollars and cents, since even at \$4 per ton the cost involved averages only 34 cents per car. Under all the circumstances that amount will be used.

Whatever expense is involved in returning old ice is incurred by respondents, and they make no charge for the service, although the receipts from the stated charges are turned over in full to the express company. This, however, is only a phase of the rather complicated and peculiar relations between that company and respondents which will be discussed hereinafter.

The ice quantities and costs above shown are based on the 7,198 cars which were observed by our inspectors. A similar study was made by the express company from its records, covering all of the 35,982 cars which originated in the Southeastern States here involved in the year ended August 31, 1926, and which moved through Potomac Yard or Norfolk. The latter study was checked by our accountants, with a resulting difference of opinion on four points, as follows: (1) The propriety of including old ice in the quantities applied; (2) the inclusion of 1,000 pounds as a minimum for certain icings, although less than that amount was actually furnished; (3) the inclusion of ice made necessary by bad-order cars, transfers from one car to another, and so-called delays; and (4) the ice applied to cars detained by shippers for which a separate charge was assessed.

We have already discussed the first point. As to the second it appears that under its contracts with various ice companies the express company agrees to pay for a certain minimum amount of ice in the case of each car reiced, even if the amount actually applied is less. This is because various minor expenses are incurred in reicing cars which do not vary with the amount applied. The present minimum is 1,000 pounds, and there being no evidence that it is unreasonable, we are not disposed to question it. The amount involved is very small.

As to the third point there is no evidence that the transfers were unnecessary or that the bad-order cars or delays resulted from respondents' negligence. This being so, we think it proper to include this ice as a necessary incidental cost of the icing service. It is in effect a hazard, but is not covered by the allowance for hazard hereinafter considered.

As for the fourth point it is our understanding that compensation for ice applied as a result of undue detention of cars by shippers is covered by a separate detention charge. There appears, however, to be no practicable way of segregating the ice so applied. But if it is included the detention revenue should also be included as revenue from the icing service, and we have so included it in the computations hereinafter made.

The amounts and cost of ice supplied to the 35,982 cars handled in the 12-month period obviously form a better basis for computing reasonable refrigeration charges than the 7,198 cars observed by our inspectors, provided the records of the express company, which show the amounts of ice paid for, reflect the amounts which were actually used and should have been used. It was to obtain light upon this matter that our observations were made. The results were not altogether conclusive. With comparatively few exceptions our inspectors reported that the amount of ice applied at initial icing equaled bunker capacity. Such capacity is also the basis of the icing records of the express company. There is some evidence, however, that cars iced under observation at certain stations were not iced in the usual manner, and also that when cars are initially iced in the usual way it is not possible to load to listed bunker capacity. There is other evidence to the contrary.

There is also some evidence that during the test period numerous cars were initially iced further in advance of shippers' orders than was requisite, thus increasing unnecessarily the amounts of ice used. But it is not clearly shown that other practices might have been followed which would have properly protected both shippers and respondents in the prompt placement of iced cars and in the movement of this perishable freight.

Considerable ice was applied at Spencer, N. C., in August, 1926, particularly in icing cars for North Carolina fruit loading, at a cost of \$10.41 per ton. The normal contract price at this point appears to be \$4.25 per ton. The increased price was due to an abnormal situation then prevailing which can not reasonably be expected to occur again.

Upon the whole, however, the doubts above indicated are not sufficiently definite or strongly enough supported by evidence to justify rejection or general adjustments of respondents' figures. For present purposes, therefore, we shall use respondents' evidence covering the 35,982 cars, as a basis for future charges, after allowing for the abnormal costs incurred in connection with the North Carolina shipments. Occasion may later arise for a recheck of this matter, for the amount of ice used is dependent to a very considerable degree upon the character of car insulation, and the express company has been and is making notable improvements in this direction. It is also very directly affected by the methods employed in the icing, and it is possible that the investigation which we are now conducting of refrigeration service and charges in western territory may indicate need for further consideration of this matter in southern territory.

The amounts of ice used and its cost vary, of course, as between the different origin and destination groups and as between the different kinds or classes of fruits and vegetables. These variations will be considered below in arriving at the reasonable refrigeration charges to be applied in the future.

HAULAGE OF ICE

The following formula was developed by our accountants to determine the average cost per gross ton-mile of hauling ice in bunkers. To the freight portion of total railway operating expenses add the freight portion of income accounts (except hire of freight cars) which were included in the so-called standard return of carriers under the Federal control act, this portion of income accounts being determined by the ratio of the freight portion of total railway operating expenses to such total. To the result thus obtained add the net credit or debit balance of "hire of freight cars," producing a figure termed "total freight expenses." From total freight expenses deduct the freight portion of "terminal expenses," producing a figure termed "net line expenses." Divide net line expenses by total gross ton-mileage to obtain cost, in mills, per gross ton-mile.

To determine the freight portion of terminal expenses, first add the direct and apportioned amounts chargeable to transportation expense accounts Nos. 377 to 389, inclusive, obtaining a total which is the

amount chargeable to "transportation yard expense." Then obtain "transportation road service expense" by adding together the amounts chargeable to the transportation expense accounts Nos. 392 to 402, inclusive. The percentage of transportation yard expense to the total of transportation yard and road service expenses combined, applied to total freight operating expenses, gives the freight portion of terminal expenses.

Under the above formula the cost in 1925 per gross ton-mile, excluding locomotives, tenders, and cabooses, was computed at 2.292 mills for the 18 carriers owning stock in the express company.

Our accountants in determining the average weight per car of ice hauled in the bunkers deducted the average tons of intermediate icings per car from the average tons of initial icings, added the result to the average tons of initial icings, and then divided the sum by two.

The following table shows the average tons of ice per car per trip hauled in the bunkers of the cars observed by our inspectors and the average cost of such haulage per car, computed under the above formula:

Month	Average tons of ice per car per trip	Average miles per car per trip	Average cost of hauling ice per car per trip
February	4.154	1,153.6	\$10.98
April	4.056	1,174.0	10.91
May	4.121	640.8	6.05
June	4.144	958.6	9.10
July	4.000	959.5	8.80

Respondents assert that, assuming the method of separating operating expenses between freight and passenger service to be correct, the formula used by our accountants is fairly sound and logical, and that if allowance be made for certain major errors and omissions, the cost of ice haulage can be approximated by this formula with reasonable accuracy. The alleged errors and omissions are as follows:

(1) Gross ton-miles and operating costs of all respondents owning stock in the express company are used instead on those of respondents which handle the bulk of the traffic in question.

(2) The ratio of direct and apportioned yard transportation expense to direct and apportioned road transportation expense is used as a basis for dividing operating expense and income accounts between line and terminal, but maintenance of way and structure accounts are not separated in a similar way.

(3) In the division of operating expense and income accounts between line and terminal there is no direct assignment to yard expense of account No. 390, Operating joint yards and terminals, debit, and of account No. 391, Operating joint yards and terminals, credit, and no direct assignment to road expense of account No. 412, Operating joint tracks and facilities, debit, and of account No. 413, Operating joint tracks and facilities, credit.

(4) Gross ton-miles of nonrevenue freight are included in gross ton-miles in ascertaining the final unit cost.

(5) It is not recognized that a substantial proportion of the expenses of certain yards is chargeable to line operations.

(6) An undue proportion of income taxes is assigned to passenger service, in that it is assumed that this expense is assignable to freight and passenger, line and terminal, on the same basis as operating expenses.

Respondents point out that several of the stockholders of the express company handle very little of the traffic in question, yet in the formula the figures for each of the 18 roads are given equal weight. They refer, for example, to the Norfolk & Western, whose gross ton-miles constitute 9.6 per cent of the total used by our accountants, yet that carrier owns only 1.16 per cent of the stock of the express company, and in 1925 less than one-half of 1 per cent of its total traffic consisted of fresh fruits and vegetables. Respondents urge that the bulk of the traffic in question is handled by nine carriers and that the ton-mile cost study should be based upon their statistics. The importance of this point is evident when it is noted that the average cost per gross ton-mile for the 18 carriers is 2.292 mills, whereas on the same basis it is 2.445 mills for the nine carriers selected by respondents. The difference amounts to about \$1.21 per car. The nine carriers which respondents urge that we use originated 69.184 per cent of all shipments handled by the express company in the year ended August 31, 1926. The remaining nine proprietary lines originated 13.156 per cent, and the nonproprietary lines which were not used in either computation originated 17.66 per cent.

In railroad accounts certain items of operating income and expense are separated as between road and yard. There is a separation of this kind in the transportation group of accounts and also in the maintenance of way and structures group. In other groups no such separation is made. In determining total line and terminal expenses it is necessary to separate on some basis those common items of expense which are not

separated in the accounts. Our accountants used the ratio of yard transportation expense to the total of yard and road transportation expense, applying it to the remaining operating expenses including maintenance of way and structures. Respondents urge that the ratio should be determined from the items of both transportation and maintenance expense which are separated in the accounts between yard and road, and that this ratio should only be applied to the items of operating expense which are not separated in the accounts. Railroad accounts also include items of operating income and expense covering yard and road service performed by one carrier for another and vice versa. Respondents contend that these items should be assigned directly before determining the ratio to be applied to unseparated items. This was not done by our accountants. The importance of this point is evident when it is observed that under our accountants' method the ratio of yard expense to total yard and road expense for the Richmond, Fredericksburg & Potomac is 59.51, whereas under respondents' method it is 36.84.

In determining haulage cost per gross ton-mile our accountants divided net line expenses by the total of revenue and nonrevenue gross ton-miles. Respondents contend that inasmuch as the income from revenue business must be sufficient to cover the cost of hauling nonrevenue tonnage, net line expenses should be divided only by revenue gross ton-miles. Our accountants argue that in determining the actual average cost of hauling 1 ton 1 mile all the tonnage hauled must be included, whether revenue or nonrevenue.

While insisting that our accountants made further errors, as indicated in items 5 and 6 above, respondents concede that the data necessary to correct these errors, if they exist, are not available.

Without allowing for the indeterminate effect of items 5 and 6, the result of adopting respondents' views would be to increase the haulage cost per gross ton-mile from 2.292 to 3.010 mills. This increase would amount to approximately \$2.92 per car.

Respondents do not challenge the correctness of the method employed by our accountants in arriving at the average weight of ice hauled.

It is unnecessary, however, to pass definitely upon these criticisms which respondents make, because, in our judgment, the formula is open to objection on more fundamental grounds. What we are seeking here to determine is the expense incurred by respondents in the mere hauling of the ice. The formula produces a quite different result, namely, an estimate of the average operating cost which may reasonably be allocated to or associated with the hauling of 1 ton of equipment or lading 1 mile in line service. It endeavors to exclude from this computation expenses which may reasonably be allocated to terminal, as distinguished from line service; but it includes not only transportation expenses which are directly associated with haulage, but also shares, proportionate to the line service, of traffic, maintenance, and general expenses. The haulage expense here to be ascertained is much more narrowly restricted, for it is only one of several elements into which the expense incurred in the icing of shipments is divided for purposes of analysis. The cost of the ice, including the expense of putting it in or taking it out of the cars, is one element; the cost of switching cars to and from icing stations is another; and other separate elements are bunker repairs, supervision, hazard, taxes, and profit. Obviously an average cost per ton per mile of line service, which is a composite of transportation, maintenance, traffic, and overhead-management expenses, ought not to be confused with the cost per ton-mile of merely hauling the ice when certain other costs incident to the icing service are separately computed.

Not only is this true but it must also be borne in mind that the cost to be ascertained, as we have already indicated, is the cost which respondents incur, either directly or through their agent the express company, because the cars are iced, and which they would not incur in the course of transportation except for that fact. We are not seeking to ascertain a proper freight rate for transporting ice, independent of any other commodity, but a proper charge for the auxiliary service of icing freight which is already paying, through the freight rate, its full share of transportation costs. The refrigeration charge should cover every cent of the cost which is caused by the icing service and would not be incurred if that service were eliminated, but it ought not to cover any part of the general transportation cost which would exist whether or not cars are iced. The ice haulage formula of our accountants and that of respondents are both constructed as if the ultimate problem were to determine a reasonable freight rate on ice, and in the costs they include proportionate shares of transportation expenses which have nothing to do with the auxiliary service of icing and would be incurred if no such service were rendered. If such a theory were to be followed, logic and justice would require that a refrigerated shipment pay a lower freight rate than a ventilated shipment, because part of the transportation expenses which are borne by the freight rate alone in the latter case would be borne in part through the refrigeration charge in the former case.

The principle that refrigeration charges should be based upon the cost which this auxiliary service adds to the general transportation cost has been consistently recognized in our decisions since *Arlington Heights Fruit Exchange v. S. P. Co.*, supra, although its application

has been made difficult by the lack of the definite information which it was the object of this investigation to supply. Thus in *Refrigeration Charges from Florida*, 85 I. C. C. 247, 252, we said:

"But in dealing with the refrigeration charge as distinguished from the transportation charge the question is as to how much the operating expenses are increased by hauling the added weight of the ice. The train is already in operation. The freight rate is presumed to cover all the costs above referred to except as incident to the ice. The added weight of the ice entails the consumption of a little more fuel and a little more wear and tear on the engine, equipment, rails, and roadbed, but adds little if anything to other items, such as labor, which no doubt constitutes more than half of the cost. Instead of contributing in proportion pro rata to the total cost of transportation the ice transportation service perhaps should contribute on the basis of the out-of-pocket costs incident to the additional gross car weight due to the ice. The out-of-pocket costs possibly do not exceed 50 per cent of the total costs."

To the same effect are *Refrigeration Charges to Interstate Destinations*, 91 I. C. C. 707, 712; *Refrigeration Charges on Vegetables*, 120 I. C. C. 555, 566; and *American Fruit Growers v. S. P. Co.*, 144 I. C. C. 639, 658.

Respondents also urge that if the added expense incurred in hauling the ice be used to measure this element of the cost of the icing service, instead of a full pro rata share of all costs directly or indirectly associated with the line-haul movement of freight, we shall violate a principle laid down by the Supreme Court in *Nor. Pac. Ry. v. North Dakota*, 236 U. S. 585. There the court was considering line-haul rates established by the legislature for the movement of coal within North Dakota. These rates, which were the only compensation received by the carriers for this service, were based on the estimated increase in expense occasioned by the coal over and above the expense which would have been incurred if it had not been transported. The court said, at page 596, that—

"* * * in determining the cost of the transportation of a particular commodity, all the outlays which pertain to it must be considered. We find no basis for distinguishing in this respect between so-called 'out-of-pocket costs' or 'actual' expenses, and other outlays which are none the less actually made because they are applicable to all traffic, instead of being exclusively incurred in the traffic in question."

It further said, at page 604:

"The constitutional guaranty protects the carrier from arbitrary action and from the appropriation of its property to public purposes outside the undertaking assumed; and where it is established that a commodity, or a class of traffic, has been segregated and a rate imposed which would compel the carrier to transport it for less than the proper cost of transportation, or virtually at cost, and thus the carrier would be denied a reasonable reward for its service after taking into account the entire traffic to which the rate applies, it must be concluded that the State has exceeded its authority."

There is a clear distinction between the question before the court in that case and that which is here presented. The "entire traffic to which the rate applies" is here the transportation of these perishable commodities in the refrigerator cars which are employed in their movement, whether under ventilation or under refrigeration. In determining the freight rate "all the outlays which pertain to" this service must be considered, whether they are so-called "out-of-pocket costs" or the "other outlays which are none the less actually made because they are applicable to all traffic, instead of being exclusively incurred in the traffic in question." Ice in the bunkers, however, is not "traffic," but an instrumentality used in an auxiliary icing service which is added to the transportation service in certain cases. In determining the charge for that service "all the outlays which pertain to it" must be considered, whatever their nature, but clearly no costs should be considered which do not pertain to it but, on the contrary, pertain to the transportation service and are incurred and "must be considered" in determining the freight rate, whether or not ice be supplied. If all the outlays which pertain to the transportation service are considered in determining the freight rate and all the outlays which pertain to the auxiliary icing service are considered in determining the refrigeration charge, then there can be no violation of the principle laid down by the Supreme Court.

We have discussed this matter at some length because respondents have exhibited much apparent confusion of thought in regard to it. In their computations of the amount to be allowed for hauling the ice they left wholly out of consideration the freight rates and the expenses and profit which are or should be covered thereby. More of this perishable traffic is moved in refrigerator cars without than with ice in the bunkers. The freight rates are the same in both cases. Many items of transportation expense are in no way increased when ice is carried in the bunkers. If full compensation for these items of expense plus a profit is provided for, as it should be, in the freight rate, clearly it should not also be provided for in the refrigeration charge.

Incidentally, it may be said that respondents did not, under their own theory, take into consideration another decision of the Supreme

Court in computing this ice-haulage factor. In *Nor. Pac. v. Dept. Public Works*, 268 U. S. 39, 43-44, the court said:

"A precise issue was the cost on each railroad of transporting logs in carload lots in western Washington, the average haul on each system being not more than 32 miles. In using the above composite figure in the determination of this issue the department necessarily ignored, in the first place, the differences in the average unit cost on the several systems; and then the differences on each in the cost incident to the different classes of traffic and articles of merchandise, and to the widely varying conditions under which the transportation is conducted. In this unit cost figure no account is taken of the differences in unit cost dependent, among other things, upon differences in the length of haul; in the character of the commodity; in the configuration of the country; in the density of traffic; in the daily loaded car movement; in the extent of the empty car movement; in the nature of the equipment employed; in the extent to which the equipment is used; in the expenditures required in its maintenance. Main line and branch line freight, interstate and intrastate, carload and less than carload, are counted alike. The department's error was fundamental in its nature."

The cost arrived at by respondents' formula is an average cost such as was there condemned. As we have seen, it did not even take into consideration the fact that this average cost included various classes of expense which are here computed as elements of cost separate from the haulage factor.

It remains to determine the unit cost of hauling the ice, upon the theory which we believe to be sound and which is set forth above. In this connection respondents were requested to make a study of the increase in operating expenses caused by the hauling of bunker ice in cases where it can be added without reducing the number of cars in the train. No response was made to this request.

Our inspectors made a study, however, of the tonnage ratings of locomotives used in hauling perishable-freight trains, and of the number of cars and tonnage ordinarily handled in the trains. These studies covered 1,027 trains hauled at various periods during the active shipping season of 1927, and were based on respondents' records. The study indicated that in originating territory the tonnage of the trains as a rule is considerably below the rating of the locomotives. As the trains move north and the perishable cars coming in at classification points are combined for outbound movement, the train tonnage more nearly approaches locomotive ratings. During the period of peak movement the tonnage of trains moving north from Potomac Yard approximates locomotive ratings. South of Potomac Yard the tonnage is generally below locomotive ratings and the trains contain empty cars, or cars of ordinary freight, indicating that all perishable freight ready to move was included in the trains as they were dispatched. The usual practice is to move trains of perishables at a predetermined time whether or not tonnage equal to the rating of the locomotive is ready for movement. The evidence indicates that trains moving north from Potomac Yard during the period of peak movement contain practically no empty cars. Somewhat the same situation exists as to the peach trains from Georgia originating territory, which are heavily loaded during the active movement of the peach crop.

The study disclosed considerable variation as between respondents in computing train tonnage and in determining the number of cars or tons to be hauled in given trains. The Florida East Coast has a limit of 105 cars per train and does not consider tonnage. Some respondents consider the tonnage of ice in bunkers in making up trains, but others do not. In other instances it is evident that the actual tonnage of trains is unknown before their departure from the terminals, and it appears that in practical operation it is often not feasible to determine tonnage prior to departure. The situation as to train tonnage is not constant, even at a particular terminal, but varies at different stages of the shipping season and with the volume of traffic moving. The bearing of this tonnage study upon ice haulage cost we shall consider hereinafter.

As previously stated, many expenses are apportioned by respondents' formula to haulage of ice which pertain to the transportation service rather than to the auxiliary icing service. Consider, for purpose of illustration, the ton-mile cost as developed for the Atlantic Coast Line. The analysis is based upon the year 1925, the period used both by our accountants and by respondents. For reasons already indicated the general cost incident to the use of refrigerator cars may not properly be included in the cost of the auxiliary icing service. The special damage to the car caused by the ice in the bunkers is computed as a separate element in the cost of the icing service in the allowance for bunker repairs. The cost of loading and unloading the ice is separately computed in the allowance for cost of ice. The cost of switching incident to the icing is included in the separate allowance for switching. All such costs, however, enter in some degree into the average ton-mile haulage cost developed by respondents.

In 1925 the total freight portion of the Atlantic Coast Line's expense for maintenance of way and structures was \$7,242,209.07. In final settlement under section 209 (70 I. C. C. 711, 741) we developed a formula for adjusting maintenance allowances for differences in the use

of property as between the so-called test and guaranty periods, and in this connection use was measured by the tons of traffic moving over the line. This formula was developed by our engineers after long conferences with a committee representing the carriers generally and after careful consideration of a mass of data, much of it furnished by that committee. It was used in arriving at guaranty settlements which totaled more than \$525,000,000. In arriving at this formula it was found, after the elaborate consideration of the problem above indicated, that upon the average only one-third of the expense for maintenance of way and structures varies with use of the property, and that this variation is in direct proportion to the amount of use. One-third of the figure above given for the Atlantic Coast Line in 1925 is \$2,414,069.69. Of this amount, using respondents' method of computation, 28.33 per cent, or \$683,905.94, must be deducted as the freight terminal portion of maintenance expense, leaving \$1,730,163.75 as the total line portion of freight maintenance of way and structures expense which was increased because of the hauling of the bunker ice.

The maintenance of equipment expense of the Atlantic Coast Line in 1925 included \$7,288,368.49 for repairs, depreciation, and retirements of freight-train cars. Since the general cost incident to the use of refrigerator cars may not properly be regarded as a part of the cost of the icing service, and since bunker repairs are separately computed, this amount must be deducted from the total freight portion of maintenance of equipment expense in determining the increase in such expense caused by haulage of the ice. The total freight portion was \$12,332,326.05. Deducting the \$7,288,368.49 referred to above leaves \$5,043,957.56. Deducting from this amount 28.33 per cent, representing the freight terminal portion, leaves \$3,615,004.38 as the line-haul portion.

In the formula adopted in final settlement under section 209, supra, it was found that 80 per cent of the expense of maintaining steam locomotives varies with use, measured by ton-miles hauled. Assuming that 80 per cent of other maintenance of equipment expense included in the \$3,614,993.38 arrived at above also varies with use, which is somewhat higher than the percentage used in the formula, the total line portion of freight maintenance of equipment expense which was increased by reason of the hauling of the ice amounted to \$2,892,003.50. In this computation no deduction has been made, such as might properly have been made, for the overhead maintenance expense assignable to freight-car repairs.

Traffic expenses of the Atlantic Coast Line in 1925 amounted to \$1,053,030.72. Plainly no part of this expense was caused by the haulage of bunker ice, and for present purposes it should therefore be eliminated.

The total freight portion of the transportation expense of the Atlantic Coast Line in 1925 was \$22,520,485.49. Several items of this expense were in no way connected with or made necessary by the haulage of bunker ice, and therefore should be eliminated in their entirety. These items are station employees; weighing, inspection, and demurrage bureaus; station supplies and expenses; and loss and damage, freight. So far as these items may be affected by the icing service, they are to be considered in the separate cost elements for supervision and hazard. They totaled \$5,241,275.24. Deducting this amount from the total freight portion given above, there remains \$17,279,210.25. Deducting 28.33 per cent, representing the freight terminal portion, leaves \$12,384,009.99.

In computing the cost of ice haulage our accountants and respondents both added to the freight portion of operating expenses a proportionate share of a group of accounts relating to railway tax accruals, uncollectible railway revenues, rent for locomotives, rent for floating equipment, rent for work equipment, and joint facility rents. They also added the net debit balance for hire of freight cars. Of these items only rent for locomotives, rent for work equipment, and joint facility rents can be regarded as in any way associated with the haulage of ice. These accounts totaled \$443,114.41. Applying to this amount the ratio of the freight portion of operating expenses to the total, 68.38 per cent, the result is \$303,001.63. This amount added to the \$12,383,234.02 arrived at above makes \$12,687,011.62. Of this amount 30.4 per cent represents wages of enginemen and trainmen, expenses which are only increased by the haulage of bunker ice when additional trains and crews are made necessary by such haulage. Such expense is separately considered below. Deducting this percentage from the above total leaves \$8,830,160.10.

The total of the above amounts found to have been proportionately increased by the haulage of bunker ice is \$13,452,327.50. The freight portion of general expenses was 3.1 per cent of the freight portion of total operating expenses. Applying this percentage the result is \$417,022.48, which, added to the total given above, makes \$13,869,349.98.

The total of gross ton-miles hauled in 1925 by the Atlantic Coast Line, including locomotives, tenders, and cabooses, but excluding non-revenue ton-miles, was 15,349,704,880. Dividing this figure into the \$13,869,349.98 above arrived at gives 0.904 mill per gross ton-mile as the unit expense incurred by reason of the ice haulage in proportion to the amount of ice hauled.

Determination of unit cost in this manner ignores the fact that operating expenses include the expense of moving all tonnage for both long and short hauls. Bunker ice, as distinguished from the average of all tonnage, is hauled comparatively long distances. As a result the unit cost arrived at above is probably greater than should strictly be allocated. The evidence will not permit of a more detailed analysis, however, and this error, such as it may be, has been resolved in favor of respondents in preference to making an arbitrary deduction.

Similar computations for the nine roads handling the bulk of the perishable traffic from the Southeastern States involved show that the costs of the Atlantic Coast Line were slightly higher than the average. Therefore it is not unfair to respondents to use this unit cost of 0.904 mill per ton-mile generally in the territory involved for ice haulage, to the extent that it does not involve the movement of additional trains.

Respondents contend that if additional trains are necessary consideration should be given to the revenues derived from such trains or cars as could not be moved in previous trains because cars therein contained ice in bunkers. No revenue is lost to the carriers under such circumstances, but it is earned at a greater expense than would have been incurred had it not been for the ice in the bunkers. It follows that ice haulage should be assessed with such additional cost. Inasmuch as no more cars are hauled it consists of the maintenance of way and structures, maintenance of equipment, transportation, and general expense occasioned by the operation of the engines, tenders, and cabooses which it would not be necessary to operate except for the haulage of the ice.

The first question is the extent to which the haulage of the ice requires the running of additional trains. This brings us back to the study made by our inspectors of 1,027 trains hauled at various times during the active shipping season of 1927, the results of which have already been set forth. It indicated that north of Potomac Yard train loadings tend to approximate the tonnage ratings of the locomotives, whereas south of that point the tendency is the reverse. There were exceptions to the general rule both north and south, but in view of the fact that this study was made during the active shipping season, whereas we are here concerned with average conditions throughout the year, it is not unreasonable to respondents to assume for present purposes that the additional weight of the ice uniformly requires the operation of additional trains north of Potomac Yard, but does not require such operation south of that point. The average mileage per trip of the perishable shipments in question is approximately 1,000 miles, and about 300 miles of this distance is north of Potomac Yard. We shall, therefore, assume that for 30 per cent of the distance covered by an average trip additional train movement is required by the ice. A further assumption, and one which also is not unreasonable to respondents, is that the engines, tenders, and cabooses used on these additional trains will return half of the time without earning revenue, and that the expense of this nonrevenue movement must be allocated to the ice-haulage cost.

The second question is how the various classes of expense shall be allocated to this additional train movement. The additional gross-ton miles hauled because of additional trains will be dependent upon the mileage operated by those trains and the weights of the engines, tenders, and cabooses used in their movement, plus 50 per cent for return nonrevenue movement. The portion of maintenance of way and structures expense which varies with tonnage hauled may properly be allocated in proportion to these additional ton-miles. The corresponding portion of maintenance of equipment expense however, should preferably be allocated in proportion to the additional locomotive-miles, reckoned in the same way. Transportation expenses we think should be allocated, because of the wages of the crews, in proportion to the increase in train-miles.

The record shows that trains of perishable freight north of Potomac Yard average about 40 cars. The average locomotive, tender, and caboose combined used in the service do not weigh more than 250 tons. The average car, including lading, weighs about 38 tons, and the ice transported averages 4.2 tons per car. The ice in the bunkers of 9 cars would, therefore, equal the full weight of one additional loaded car, and the ice in 360 cars would be equivalent to the tonnage of one average train.

In the movement of 360 cars for the average trip distance of 1,000 miles, a total of 1,512,000 ton-miles would result from the haulage of the ice, and at the unit cost of 0.904 mill per ton-mile, above developed, the proportionate increase in expense caused by this haulage would amount to \$1,366.85. To this should be added the further cost involved in the use of one additional train for 300 miles of the total distance. The additional gross ton-miles involved by this train would be obtained by multiplying 250 tons by 300 miles and adding 50 per cent for return nonrevenue movement, and would amount to 112,500 gross ton-miles. Using again the operating figures of the Atlantic Coast Line, above shown to be favorable to respondents, the total line

portion of freight maintenance of way and structures expense subject to variation with use amounted in 1925 to \$1,730,163.75, and the total gross ton-miles were 15,349,704,800. On this basis the 112,500 additional ton-miles, above computed, would add \$12.68 for maintenance of way and structures.

The total line portion of freight maintenance of equipment expense, eliminating the expenses incident to freight-train cars, was \$3,615,004.38. The total locomotive-miles in freight service for the year were 10,017,861. Upon this basis the 450 additional locomotive-miles caused by the extra train would add \$162.38 for maintenance of equipment. The total line-haul portion of freight transportation expense was \$12,687,011.62. Total freight train-miles during the year amounted to 9,615,214. Upon this basis the 450 additional train-miles caused by the extra trains would add \$593.76 for transportation expense.

The total of the three amounts above developed is \$768.82. Adding 3.1 per cent, or \$23.83, for general expenses, the total is \$792.65. Adding this amount to the \$1,366.85, previously obtained, the total is \$2,159.50. This is the total increase in line-haul expense caused by the 1,512,000 ton-miles of ice haulage, resulting in a unit cost of 1.43 mills per ton-mile. Adding 15 per cent to allow for possible additional terminal expense incurred, not covered by the separate switching allowance, and for profit increases the factor to 1.65 mills.

In their exceptions respondents criticized the computations made in the proposed report with reference to ice haulage cost, which were similar to those made above, particularly upon the ground that they were based to a considerable extent upon assumptions. In any cost study assumptions are inevitable, a fact which is attested by the cost analyses which respondents have themselves submitted in this case. The important question is whether such assumptions as are necessary are also reasonable. In this instance the assumptions which have entered into our computations are, we believe, not unreasonable to respondents, for we have endeavored to give them the benefit of the doubt, in view of the fact that the method of costing followed was not developed until the proposed report, although it has been applied to facts of record. Whether the assumptions are in all respects reasonable to the shippers is, perhaps, questionable. If either respondents or shippers desire a further study of this matter, with particular reference to the soundness of the assumptions employed, an opportunity for such further study can be afforded; but we do not believe that present action should be withheld pending such further study.

SWITCHING CARS

During the five months of 1926, when our inspectors were observing the icing of cars, they also observed and reported the time consumed by locomotives in switching cars to and from icing stations. During these observations, which covered a total of 28 icing stations for various periods, 75,022 cars were iced, and of these 52,978 were switched for icing purposes. The object being to determine the average cost of switching for such purposes per car per trip, our accountants spread the cost of switching the 52,978 cars over the total of 75,022 cars iced.

The inspectors recorded the period of time locomotives were engaged in switching incident to icing, and the costs were arrived at by applying engine-hour unit costs to the time so recorded. Separate computations were made for each point at which observations were made. Engine-hour costs were ascertained by our accountants from respondents' records for the year ended August 31, 1926. They are made up of expenditures or allowances for locomotive repairs, depreciation, retirements, wages, supplies, supervision, insurance, and other miscellaneous items. The average cost per yard-engine-hour at 51 stations where icing is done was found to have been \$9.926, and this average cost was applied to the time recorded by our inspectors at each of the 28 stations where they observed the switching. Computed on this basis the average cost of switching per car per icing, including time of both yard and road locomotives used in this service, was 36.428 cents. The average for the cars actually switched was 51.6 cents.

The following statement shows the average cost of switching cars observed during the observation periods:

Month	Total number of cars	Average number of icings per car	Average cost of switching per car per trip
1926			
February.....	1,534	5.001	\$1.82
April.....	2,307	5.139	1.87
May.....	1,682	3.731	1.36
June.....	569	5.387	1.96
July.....	1,106	5.325	1.94
Total.....	7,198	4.829	

¹ Average.

Respondents contend that in determining the cost of switching our accountants ignored certain elements of cost which they should have considered, and also that more time is consumed in switching than our inspectors observed. One of the cost elements ignored, they say, is the fact that a certain portion of the time of yard locomotives is nonproductive. For example, time is spent in taking on coal, water, and supplies, in cleaning fires, in awaiting orders, in lunch periods, etc. Respondents argue that such nonproductive time should be prorated over productive time in determining the cost of switching. They also point out that our accountants did not include maintenance of way or general expense in estimating engine-hour costs, or take into account maintenance and return on investment in the case of the yard tracks which are devoted exclusively to the icing service.

As a result of observations at seven yards, respondents arrived at the conclusion that 8.5 per cent of the total of switch-engine time is nonproductive. It appears, however, that at Macon and Fort Valley, during the periods when our inspectors made their observations at those points, certain switch engines were assigned to the icing service and did nothing else, so that our inspectors reckoned in the entire time of those engines, productive and nonproductive. Respondents concede that allowance should be made for this circumstance. Study of operating expenses at the seven yards observed also indicated to respondents that, of the total, maintenance of way is responsible for 11.1 per cent and general expense for 2.4 per cent, an aggregate of 13.5 per cent. Assuming that conditions at other yards are similar, they arrived at the conclusion that proper allowance for nonproductive time and for maintenance of way and general expenses would increase the engine-hour cost from the \$9.926 estimated by our accountants to \$12.29. Respondents did not stop here, however, for they submitted evidence that the investment at 17 stations in tracks built primarily for icing purposes amounted to \$302,189, interest on which at 6 per cent would be \$18,131.66, and that the annual maintenance expense of these tracks amounted to \$10,306.15, making a total for maintenance and interest of \$28,437.51. Not being able to supply similar information in the case of the other 11 stations observed by our inspectors, respondents assumed that no corresponding costs there existed and spread the \$28,437.51 over the 249,151 cars iced in 1926 at the 28 stations, thus arriving at a cost per switch of 11.4 cents for these factors, made up of 7.3 cents for interest and 4.1 cents for maintenance.

The point made by respondents with respect to nonproductive time is sound, at least as applied to the yard locomotives, which performed 97.5 per cent of the switching observed. The evidence as to the amount of such time is unsatisfactory, since it is based on very limited observations, but the amount estimated by respondents does not appear unreasonable. Using their method of computation, this will raise the engine-hour cost of \$9.926, as estimated by our accountants, to \$10.63.

We also think that the point made by respondents with respect to maintenance and return on investment in the tracks devoted primarily to icing service is sound. Here again the evidence is unsatisfactory, for it appears that these tracks are not all used wholly for icing service. But in view of the fact that respondents spread the costs obtained from a study of 17 stations over a total of 28 stations, sufficient leeway exists for errors, and the 11.4 cents per switch which they arrived at for these costs may reasonably be used in our computations.

The reasoning of respondents with respect to the further allowance which they seek for maintenance of way and general expenses we do not regard as sound. These expenses relate to all the operations of the yards observed, and in large measure these operations have nothing to do with the icing service. Maintenance expense on the tracks devoted primarily to the icing service is covered by the allowance of 11.4 cents approved above. That the switching to and from the icing stations adds proportionately, or indeed at all, to the other maintenance and general expenses in these yards is not shown.

To determine the time consumed in switching for icing purposes, respondents made observations at 18 stations extending over a period of 7 days and embracing 6,253 cars. At the same 18 stations our inspectors observed the switching of 56,693 cars. They arrived at an average of 1.919 minutes per switch. Respondents arrived at an average of 3.02 minutes. At the 10 stations which respondents did not cover our inspectors observed 18,329 cars and found the average to be 3.07 minutes. This latter figure respondents are willing to accept, but they propose to substitute 3.02 minutes at the other stations, thus arriving at a general average of 3.03 minutes, in comparison with the 2.21 minutes obtained by our inspectors.

Respondents are here asking that we use the results of their limited observations in a 7-day period in preference to the results of our inspectors' observations of more than nine times as many cars at the same stations. They seek to justify this request by a claim that their observations were more carefully made, since our inspectors also had the duty of observing the amounts of ice supplied. It is probable, however, that much of the difference in the figures is due to the fact that the respective observations were in general made at different periods. The time per car per switch varies with the volume of the traffic and

other fluctuating conditions. Respondents did not in all cases arrive at longer times than our inspectors estimated. For example, at Potomac Yard, which handles more traffic than any of the other stations, respondents found the time per car per switch to be 0.19 minute, whereas our inspectors found it to be 0.45 minute. However, cars iced at this station played a much smaller part in respondents' final result, for the cars which they there observed constituted only 12.9 per cent of their total, whereas the cars which our inspectors observed at Potomac Yard constituted 23.3 per cent of the corresponding total. This latter percentage was more nearly normal, for if the average cars handled per week in 1926 be taken as the standard, Potomac Yard accounted for 25.9 per cent of the total for the 18 stations. Respondents observed, moreover, a disproportionately large number of cars at Fort Valley, where they arrived at a time of 3.79 minutes in comparison with the 3.44 minutes estimated by our inspectors. The cars which respondents observed at this station amounted to 35.3 per cent of their total, the corresponding figure for our inspectors was 11 per cent, and the normal percentage, based on the average weekly figures for 1926, was 6 per cent.

In view of the far larger number of cars observed by our inspectors and the fact that the proportions observed at the various stations appear to have been more nearly representative than in the case of respondents' observations, we are not prepared to substitute the results of the latter.

The time consumed in switching varies as between the different stations, and it can not be readily determined just where cars moving between the various points of origin and destination will be iced and switched. The cost per unit of time also varies as between different icing stations. Under these circumstances the only practical method of arriving at an allowance to be made for switching in the determination of uniform refrigeration charges seems to be to fix an average amount to be allowed per icing for switching, regardless of whether the car is actually switched or not, and regardless of where and when the switching is performed. No other method has been suggested.

When the above corrections have been made in the computations of our accountants an average of 50.5 cents per car per icing is obtained. The acting comptroller of the express company, testifying for respondents, stated that where ice is applied and billed for at tariff prices an allowance for switching is included in the tariff price of the ice. Therefore such icings have been eliminated in computing the average number of switches per car per trip.

BUNKER REPAIRS

Our accountants list 72 parts or items making up an ice bunker. Computations of record as to the cost of bunker repairs are not based upon repairs to bunkers of the cars observed by our inspectors, but are based on average costs incurred on all cars owned and leased by the express company. The costs recorded comprise labor and material charges. They do not include any allowance for depreciation of shop machinery, insurance, or similar overhead charges, but do include an allowance of 25 per cent of labor charges for supervision, an allowance of 10 per cent of material charges for handling, and an allowance of 12 per cent of material charges for transportation of material shipped from one shop to another.

The express company compiled figures showing the cost of bunker repairs in 1923, 1924, and 10 months of 1925. Sixty per cent of these cost figures were verified by our accountants. The latter also made similar compilations for the months of February and April, 1926, and the results thereof, combined with the compilations of the express company, show an average cost of bunker repairs per car per trip of \$5.49 for a period of 36 months. During that period repairs were made to a total of 159,017 cars at a cost of \$1,684,506.94, and the cars made 306,854 trips under refrigeration.

It will be seen that these computations were based upon the entire experience of the express company. It serves a large territory, and its cars are used in practically all parts of the country. The record, however, contains no evidence as to the mileage of the average trip as compared with the mileage of the trips here in question. Of the 7,198 cars for which our inspectors obtained a complete icing record, approximately 32 per cent were foreign cars not owned or controlled by the express company. At the same time certain express company cars were being used by other companies in territory which it does not serve. Each car line makes or pays for repairs to the bunkers of its own cars. The figure of \$5.49 for bunker repairs therefore covers, in part, cars on which the express company does not bear the cost of such repairs. At the same time the express company pays for or makes repairs on the bunkers of such of its cars as are used by other companies. Respondents say that there is an approximate balance between these transactions, and there is no reason to believe that this is not the fact.

The amount of \$5.49 per trip is arrived at by dividing the total expense for bunker repairs, \$1,684,506.94, by the total number of trips, 306,854, under refrigeration. The latter, however, includes trips under all classes of refrigeration service. The accounts do not permit a

separation of trips by classes of service, but the evidence does indicate that greater damage occurs in trips under standard refrigeration than under other classes of service. On the other hand, the evidence also shows that not all of the damage to bunkers is due to icing service, for some of the damage results from shifting of lading and natural deterioration. The record affords no means of appraising these factors, but no doubt they offset each other to a considerable extent.

In the computation and analysis which resulted in the figure of \$5.49 per car per trip no allowance was made for general overhead expense incurred in the making of repairs. Such an allowance appears reasonable, and our accountants estimate that it would increase the total by 10 per cent, or to \$6.04.

The estimate is also based on the assumption that all trips, regardless of mileage, incur equal expense for bunker repairs. It seems obvious that this is not true, yet the damage does not vary in proportion to mileage, for the evidence shows that a large part of the total damage results from initial icing.

A substantial part of the total expense under this item is for renewal of complete bunkers. The renewals due to redesign were eliminated, so that those included are in the same category as partial renewals or repairs. The record permits only a meager analysis of the number of complete renewals during the 36 months covered by the study, in order to determine whether they were at the normal rate. Such analysis as is possible, however, indicates that they were not abnormal.

No exception was taken to the recommendations of our examiners with respect to this cost factor, and we shall follow them. In the absence of evidence permitting an allocation of this expense between the various classes of protective service in which bunkers are used, or according to the mileage of various trips, we think that the use of an average of \$6.04 per car per trip under standard refrigeration is fair and reasonable.

SUPERVISION

Our accountants based their analysis of cost of supervision primarily upon a study of the accounts of the express company for the year ended June 30, 1926. They believe that period to be representative of normal operations. Consideration was given to the supervision of all classes of service and the total was then allocated to the various classes. Supervisory services performed by the express company are incident either to (1) the furnishing and accounting for cars, or (2) the furnishing of icing service, or (3) ventilation service. For certain purposes our accountants combined the two latter classes. The operating expenses of the express company are distributed in four general groups, as follows:

- (1) Maintenance of equipment.
- (2) Service operations.
- (3) Ice.
- (4) General expenses.

The maintenance of equipment expenses are those associated, directly or indirectly, with repair of the refrigerator cars. We have found that any general repairs to the cars should be borne by the freight rates and that only bunker repairs should be allocated to the cost of the auxiliary icing service. The full cost of such repairs, including supervision incidental thereto, has been included in the item for bunker repairs above discussed.

The ice expenses, so far as they relate to the service here under consideration, have been fully covered in the cost of ice factor.

Service operations expense is made up of the salaries and expenses of general and assistant general agents, district agents, supervisory agents, claim agents, other agents, icing foremen, inspectors at destinations, superintendents of car service, clerks, attendants of those officers, office expenses, the expense of cleaning cars, a portion of the salaries and expenses of departments under the direction of officers having jurisdiction over more than one department, and certain other incidental expenses. Charges to this group, and also to the fourth group, general expenses, for the year ended June 30, 1926, were:

(1) Salaries of icing foremen.....	\$152,561.36
(2) Salaries and traveling expenses of agents.....	247,791.61
(3) Other expenses directly assignable to icing stations.....	97,268.16
(4) Expenses assignable to districts, general agents.....	171,647.90
(5) Salaries of inspectors at destination.....	126,618.94
(6) Charges for Government inspectors (United States Department of Agriculture).....	5,831.50
(7) Account No. 411—cleaning cars.....	145,979.52
(8) Office expense—superintendent of car service.....	51,932.69
(9) Account No. 422—loss and damage claims (includes pay and expenses of claim agents and attendants).....	31,053.52
(10) Portion of general office expenses charged to service operations.....	54,054.98
Total for year.....	1,084,740.18
(11) General expenses.....	300,682.80

Our accountants were of the opinion that while a small part of the item for icing foremen represents time spent in inspection of ventilated shipments and in acting as agent, such part is offset by time of agents acting as icing foremen, so that the entire item should

properly be charged to cost of ice. Expense of icing foremen was not, however, considered above in arriving at the cost of ice factor and should therefore be included here. This expense amounted to 23.74 cents per icing.

Items 2, 4, 10, and 11 above may be considered collectively. The general, district, supervisory, and other agents have general jurisdiction in the field over all services rendered by the express company, including both (1) the furnishing of cars and (2) the furnishing of icing service and the supervision of ventilation service. Our accountants divided these expenses between these two groups of service on an arbitrary basis, based on the ratio of the total revenue from the icing service to the total revenue from that service and car mileage. By this method 50.65 per cent of these expenses were allocated to the cost of furnishing icing service and supervising ventilated shipments. The amount so determined was reduced to an average cost per car per trip.

Pay of station clerks, telegraph and telephone expenses, rent and repairs to automobiles make up the major portion of the expenses included under item 3 above. Due to the absence of any accurate method of separating these expenses as between classes of service our accountants allocated the entire amount, \$97,268.16, to the cost of supervising the icing service.

Salaries of inspectors at destinations, charges for inspectors of the Department of Agriculture, and loss and damage claims, covered by items 5, 6, and 9 above, were deemed by our accountants to be associated with transportation service, and therefore not here to be included as a supervisory expense. For similar reasons they eliminated the expense of cleaning cars, item 7, and that of the office of the superintendent of car service, item 8.

The total of the expenses under items 2, 3, 4, 10, and 11, after eliminating the other items for the reasons stated, amounted to \$2.22 per car per trip. In arriving at this figure, which is exclusive of the expense of icing foremen, they divided the total expense in question by the total number of cars handled under both refrigeration and ventilation. This basis contemplates equal expense per car for supervision of all cars moving under the various classes of refrigeration service and also under ventilation. The accountants were of the opinion that the expense to the express company does not vary substantially with the class of service, and also that the expense of any additional supervision given by respondents' own employees is negligible. The average loaded car mileage per trip of cars observed by the inspectors was 995. Upon this basis our accountants estimated that these items of expense amount to 2.232 mills per loaded car-mile. To an amount per trip so computed they added 23.74 cents for each icing, covering expense of icing foremen, to arrive at the total cost of supervision per trip. The following shows the results for the cars observed by the inspectors:

Month, 1926	Average miles per car per trip	Supervisory expense items 2, 3, 4, 10, and 11		Average number of icings per trip	Salaries of icing foremen		Average total allowance per car per trip for supervision
		Per loaded car-mile (mills)	Average cost per car per trip		Average cost per icing	Average cost per car per trip	
February.....	1,153.6	2.232	\$2.57	5.001	\$0.2374	\$1.19	\$3.76
April.....	1,174.0	2.232	2.62	5.139	.2374	1.22	3.84
May.....	640.8	2.232	1.43	3.731	.2374	.80	2.32
June.....	958.6	2.232	2.14	5.387	.2374	1.28	3.42
July.....	959.5	2.232	2.14	5.325	.2374	1.26	3.40

In estimating cost of supervision respondents proceeded upon quite a different theory. They arrived at their total cost by first adding all the items of the service operations group, except items 6, 7, and 9, then adding a proportion of general expenses based upon the ratio of the first total plus ice expense to total operating expense; and then deducting \$4.20 per car per trip for supervision of ventilated shipments. The latter amount was obtained by estimating \$5 per car per trip as the total expense incurred by the express company in connection with ventilated shipments and then deducting 80 cents as the amount included in item 7, expense of cleaning cars. The total cost as thus determined was distributed in part by stations and icings and in part on a per-car basis, with the following results per car per trip:

From:	
Florida.....	\$5.04
Georgia.....	4.05
South Carolina.....	3.65
North Carolina.....	3.15
Virginia (via Potomac Yard).....	3.06
Virginia (via Norfolk with ice in the body of car).....	4.68
Virginia (via Norfolk without ice in the body of car).....	4.38

Respondents' formula involves, and indeed is based upon, a fallacy which is persistent in their attitude toward refrigeration charges. They seem to regard such charges as compensation for all the services which

the express company performs for respondents, aside from the renting of cars for which the mileage allowance is paid. In fact, the refrigeration charges are designed to compensate only for the icing service, which is rendered to a considerable extent through the agency of the express company but is in part performed directly by respondents. On the other hand, the express company performs extensive services for respondents which are not connected with icing and would be necessary if no ice were supplied. In their brief respondents criticized the attempt of our accountants "to divide the services performed by the car company as between the service of furnishing cars and the service of furnishing refrigeration." This, they said, was "fundamentally wrong and illogical," and they went on to say:

"The car company was organized for the primary purpose of furnishing refrigerator cars and refrigeration service when and where it is required. The employees of the car company perform their duties with a view to carrying out this primary purpose."

From this they seem to think the conclusion follows that the expense incurred in supervising the furnishing of the cars, as well as the icing service, should be covered by the refrigeration charges; and they proceeded upon that theory in their formula.

But let us see what many of the employees of the express company do for respondents. Our accountants made the following statement:

"The general agents, district agents, supervisory agents, and agents have general jurisdiction in the field over all services furnished by the car company, the former over the district or section of a district, and the latter over a particular station. *It is their duty to solicit traffic, anticipate requirements for cars, see that cars are available when needed, that proper protective service is furnished, and in general to supervise the services guaranteed by the car company under its contracts with various railroad companies.*"

It is obvious that the duties italicized above pertain to respondents' transportation service. It appears that the employees of the express company do not solicit traffic, and to this extent the above statement is incorrect, but it is not denied that they anticipate traffic requirements and arrange for the necessary supply of cars, or that they spend much time and travel a great deal in the performance of these duties. The mere fact that the cars which are furnished happen to be refrigerator cars does not make such expense a proper charge against the icing service. Indeed, expense of this kind is usually stressed by the carriers when the freight rates on fruits and vegetables are under review. This is illustrated by the following from Georgia Peach Growers Exch. v. A. G. S. R. R. Co., 139 I. C. C. 143, 148:

"Peaches are highly perishable and require especially careful and expeditious transportation. During the spring months representatives of the carriers make trips through the producing sections and confer with shippers and shippers' representatives in order to estimate the amount of equipment required by the coming crop. It is difficult to determine accurately in advance the amount of the crop or the time when it will be ready to move, and a failure in this respect results in a shortage or an excess of cars. Before the beginning of the crop movement usually from 2,500 to 3,000 refrigerator cars are placed in the producing sections of Georgia and several hundred in the producing sections of the Carolinas, and kept available sometimes as long as 30 days in advance of the actual movement. The refrigerator cars used in the transportation here considered are mostly those of the Fruit Growers Express."

Much of this work is done, as we understand the situation, through the agency of the express company and by its employees. Such services are properly stressed in the consideration of freight charges, but have nothing to do with icing service.

That the supervisory forces of the express company devote much time to work for respondents which pertains to transportation service admits of no doubt. Unfortunately the record does not contain information making possible an accurate division of expenses along these lines. Our accountants were forced to divide arbitrarily, because no division is made in the accounts of the express company. Apparently the only way in which an accurate division could be made would be by an actual time study made in the field over a period of time sufficient to allow for the varying conditions under which the services are rendered and for the continual fluctuations in the work of particular employees.

However, the record does, we think, supply data from which an approximation, not unfair to respondents, may be made of the cost of supervision which may properly be allocated to the icing service. The total cost of supervising both the furnishing of the cars and their icing in the year ended June 30, 1926, may be taken as \$1,202,558.44. This is the total of the service operations group minus items 6, 7, and 9, and plus general expenses. Respondents estimate that this included an average of \$4.20 per car for the supervising of ventilated shipments, or a total for this purpose of \$450,773.40, based on 107,327 ventilated shipments during the year. Deducting this amount leaves \$751,785.04 supervisory expense in connection with the refrigerated shipments. It was testified for respondents, however, that very little supervision is given to the ventilated shipments in transit. The bulk

of the \$4.20 per car must, therefore, be in connection with the anticipation of traffic requirements and other expenses incident to the furnishing of the cars and supervision over their movement. Similar expense must be incurred in connection with refrigerated shipments, for all that is done for ventilated shipments in the way of furnishing cars and supervising their movement must also be done for refrigerated shipments. Assuming that the supervision accorded the former en route which is akin to the supervision of the icing and of the refrigerating devices amounts to \$1 per car, which is a high estimate in view of respondents' testimony, then \$3.20 per car is left for supervision incident to the furnishing of the car and its movement. Applying this to the 113,402 refrigerated shipments during the year produces \$362,886.40. Deducting this from the \$751,785.04 arrived at above, the remainder is \$388,898.64, which may fairly be taken as the cost of supervision incident to the icing of the cars. This is about \$3.43 per car per trip, but, for good measure, we shall increase this figure to \$3.50.

When consideration is given to the fact that the expense of loading the ice in the bunkers is covered in its entirety, except for the salaries of icing foremen, which averaged \$1.34 per car per trip, by the cost of ice factor, and that supervision in connection with switching, bunker repairs, and ice haulage is covered by their separate factors, this \$3.50 per car per trip appears liberal. We shall apportion the \$3.50 per car per trip between the districts on the basis of a uniform amount of \$2.16 per car and a fluctuating amount for the services of the icing foremen dependent upon the number of icings at 23.74 cents per icing.

HAZARD OR RISK

In estimating the element of cost which results from hazard or risk, our accountants ascertained from the records of the express company the total expenses from May 1, 1920, to December 31, 1927, in connection with loss and damage claims, salaries and expenses of claim agents, uncollectible accounts, fees of Federal and State inspectors at origin stations, and salaries of inspectors at destinations. Dividing this total by the number of trips during the period they arrived at an allowance of \$1.21 per car per trip.

Respondents urge that this allowance be increased to reflect losses which may be incurred due to unforeseen contingencies. The only specific evidence of such losses which they offered relates to a failure of ice supply in 1924, due to an inaccurate crop forecast, which caused an additional expenditure of some \$250,000. Spreading this over the period studied by our accountants, it would increase the allowance by about 30 cents per car per trip. It was not shown that any similar extra expense was ever incurred prior to 1924 or that any has since been incurred. It may be that some leeway should be allowed for contingencies of this nature, but, on the other hand, our accountants' estimate included expenses for Federal and State inspection which apparently pertain to transportation, rather than icing service, and for inspection at destination which in part pertains to transportation service and in part has been covered by the allowance for supervision.

On the whole we are of the opinion that \$1.25 per car per trip is a reasonable allowance for hazard and risk, so far as the future is concerned.

PROFIT

In the preceding discussion we have included in the determination of the various cost factors allowances for profit, so far as investment of respondents which is necessitated by the icing service is concerned, and so far as the investment of the express company in icing platforms is concerned. We have also found that the freight rates should provide a return upon the investment in cars. It remains to determine a reasonable return on other investment of the express company required by the icing service. Our accountants analyzed the records of the express company and made a separation of the total investment between that devoted to the furnishing of cars and that devoted to the icing service. The latter portion was summarized as follows:

Icing platforms.....	\$452,613.06
Office and other buildings.....	11,853.99
Office furniture and fixtures.....	85,061.72
Telegraph and telephone lines.....	234.64
Miscellaneous structures.....	136,173.76
Miscellaneous equipment.....	126,397.98
General organization expenses.....	20,809.36
Ice in storage and in bunkers of cars.....	19,674.03
Arbitrary additional allowance for cash, etc.....	147,181.44

Total..... 1,000,000.00

Although the importance of the matter was brought to the attention of the parties at various stages of the hearings the criticisms of the above assignment are practically confined to two points. Respondents urge that the investment in car bunkers should be included. The shippers urge, and our accountants concede, that a return on the investment of \$452,613.08 in icing platforms was included in the cost of ice factor. To avoid duplication, therefore, this amount should be deducted, thus reducing the total investment upon which an additional allowance for profit should be figured to \$547,386.92.

The annual return on an investment of \$547,386.92, at a rate of 6 per cent, would amount to \$32,843.22. The average number of car trips under refrigeration per annum during the period 1922 to 1927 was 119,149. Upon this basis our accountants estimated an additional allowance for profit of 27.6 cents a car.

Respondents contend that the investment in bunkers is made necessary solely by the icing service and that the charge for that service should, therefore, cover not only a fair return upon that investment but also a reasonable annual allowance for depreciation. The investment in bunkers of express company cars is estimated at \$397.38 per car. This figure is arrived at by comparing the known cost of a refrigerator car fully equipped with bunkers with the estimated cost of a car of similar type capable of accommodating the same weight of freight but built without bunkers. No bunkerless cars of this kind, however, are now built. The records show that an average of 6.7 trips per year under refrigeration are made by the express company cars. They make about as many trips under ventilation, but upon the basis of the 6.7 refrigerated trips an allowance of \$7.11 per car per trip would be necessary to cover a 6 per cent annual return upon the estimated investment in bunkers and a 6 per cent annual charge for depreciation. In the light of the railroad contentions in Telephone & Railroad Depreciation Charges (118 I. C. C. 295), it is of interest to note that respondents are here seeking an annual allowance for depreciation.

This contention of respondents stops considerably short of where its apparent logic would lead. If refrigeration charges should include an allowance for investment in and depreciation of bunkers, then they should also include an allowance for the haulage, in both loaded and empty car movements, of the extra weight of the car caused by the bunkers and amounting to about 6 tons. They should, indeed, cover the expense of such haulage in connection with both refrigerated and ventilated shipments, for the latter are in no way responsible for the presence of the bunkers in the cars.

The fact is, however, that bunkers are now a standard and integral part of refrigerator cars. Of respondents' estimate of \$397.38 investment per car, less than one-half represents the cost of the bunkers themselves, and the remainder is investment in trucks, body, and underframe made necessary by the lengthening of the car and its greater weight. These cars are now standard equipment when insulation is required and regardless of whether the shipment is iced. Moreover, in defending the freight rates on the traffic here in question respondents have consistently used the cost and weight of these refrigerator cars as an important element of their defense without deduction on account of the bunkers. This is made clear by two recent cases, among others which might be mentioned. (*Georgia Peach Growers Exch. v. A. G. S. R. R. Co.*, supra, and *Florida R. R. Commissioners v. A. & R. R. R. Co.* (144 I. C. C. 603).) In these cases respondents stressed the fact that the old ventilated box cars are rapidly being superseded, even for movements under ventilation, by fully equipped refrigerator cars which weigh much more and are rented at a higher car-mileage rate; and while deduction was made from the gross weight of the cars for the ice in the bunkers, no deduction was made for the bunkers themselves.

The fact that the freight rates on a very large part of the traffic in question have recently been fixed in the light of such evidence would in itself be reason for disapproving respondents' contention with respect to bunker investment. But there is further reason. There are sound practical grounds for treating as an integer the investment in the standard car in which the traffic moves, in preference to splitting that investment theoretically into parts by means of an estimate of the probable cost of a hypothetical car without bunkers.

Respondents also direct attention to the small amount of the allowance proposed for profit, and contend that it is "utterly absurd to conclude that any railroad operation whatever can be carried on with a margin of one-half of 1 per cent above operating expenses." In this connection they refer to the ordinary railroad operating ratio. They might have given consideration to the fact that in the year ended December 31, 1927, the business of the American Railway Express Co. was successfully carried on with an operating ratio of 97.81 per cent, which is an illustration of the fact that an operating ratio is meaningless except in connection with the particular business under consideration. But the more important answer to this criticism is the fact that we are here dealing only with a residuum of profit, for other allowances for profit have been included in the computation of the separate elements of cost.

However, profit ought not to be too narrowly figured, and to allow margin for errors or surplus we shall fix the item here under consideration at 50 cents per car per trip.

TAXES

According to the computations of our accountants, in 1926 the taxes applicable to property of the express company held for purposes of furnishing icing service amounted to 32 cents per car per trip.

RELATIVE MOVEMENT IN 1928

The value of the foregoing study of costs is affected somewhat by the degree to which it is representative of normal conditions surround-

ing the movement and protection of the traffic in question. The number of cars of various commodities handled by the express company during the years 1923, 1924, 1925, and during 11 months of 1926 are shown in the following table:

Commodities	Class of refrigeration	Number of cars handled			
		1923	1924	1925	11 months of 1926
Vegetables.....	Full tank.....	26,294	26,424	26,937	19,910
Apples.....	Half tank.....	13	7	13	27
Do.....	Full tank.....	668	251	581	763
Citrus fruit.....	Half tank.....	4,137	4,165	1,356	105
Do.....	Full tank.....	10,378	11,669	19,124	14,441
Berries.....	do.....	5,044	6,063	4,661	4,025
Fruits, not otherwise specified.....	do.....	11,865	19,268	17,993	26,693
Melons.....	do.....	2,717	2,371	2,793	2,559
Vegetables and fruits.....	do.....	4,996	4,097	5,106	5,850
Berries and apples.....	do.....	157	176	292	312
Apples and fruits.....	do.....	3,374	2,144	854	-----
Total.....	-----	70,003	76,635	79,710	74,685

Assuming that the same ratio of movement in the 12 months of 1926 as in the 11 months' period, the total cars handled during the year 1926 would be 81,474, or slightly more than the movement during the previous year. Considering all commodities, in 1926 the express company handled under refrigeration a total of 93,103 cars and in 1925 a total of 93,475 cars. There seems to have been nothing abnormal about the operations of 1926.

RECAPITULATION

The recapitulation which follows is confined to traffic which moved through the gateways of Potomac Yard and Norfolk.

During the year ended August 31, 1926, a total of 17,598 cars originated in Florida, and the average refrigeration and detention charges amounted to \$73.34. The average cost of the service, estimated in accordance with the factors developed above, was:

(1) Cost of ice.....	\$40.78
(2) Haulage of ice ($4.19 \times 1153 \times \0.00165).....	7.97
(3) Switching ($4.91 \times \$0.505$).....	2.48
(4) Supervision ($\$2.16 + 4.91 \times \0.2374).....	3.33
(5) Bunker repairs.....	6.04
(6) Hazard.....	1.25
(7) Taxes.....	.32
(8) Profit.....	.50
Total.....	62.67

The difference between the average charges and the average cost was \$10.67, or 14.54 per cent of the former.

During the same year a total of 9,355 cars originated in Georgia, and the average refrigeration and detention charges were \$81.44. The average cost of the service was:

(1) Cost of ice.....	\$48.08
(2) Haulage of ice ($3.938 \times 959 \times \0.00165).....	6.23
(3) Switching ($5.27 \times \$0.505$).....	2.66
(4) Bunker repairs.....	6.04
(5) Supervision ($\$2.16 + 5.27 \times \0.2374).....	3.41
(6) Hazard.....	1.25
(7) Taxes.....	\$0.32
(8) Profit.....	.50
Total.....	68.49

The difference between the average charges and the average cost was \$12.95, or 15.90 per cent of the former.

During the same year 3,619 cars originated in South Carolina, and the average charges were \$64.04. The average cost of the service was:

(1) Cost of ice.....	\$38.26
(2) Haulage of ice ($4.07 \times 746 \times \$0.00165$).....	5.02
(3) Switching ($4.13 \times \$0.505$).....	2.09
(4) Bunker repairs.....	6.04
(5) Supervision ($\$2.16 + 4.13 \times \0.2374).....	3.14
(6) Hazard.....	1.25
(7) Taxes.....	.32
(8) Profit.....	.50
Total.....	56.62

The difference between the average charges and the average cost was \$7.42, or 11.59 per cent of the former.

During the same year 4,446 cars originated in North Carolina, and the average charges were \$68.82. The average cost of the service was:

(1) Cost of ice.....	\$44.29
(2) Haulage of ice ($3.846 \times 598 \times \0.00165).....	3.81
(3) Switching ($3.67 \times \$0.505$).....	1.85
(4) Bunker repairs.....	6.04
(5) Supervision ($\$2.16 + 3.67 \times \0.2374).....	3.03
(6) Hazard.....	1.25
(7) Taxes.....	.32
(8) Profit.....	.50
Total.....	61.09

The difference between the average charges and the average cost was \$7.73, or 11.23 per cent of the former.

During the same period 964 cars originated in Virginia west of Chesapeake Bay and moved under an average rate plus detention charges of \$59.39. The average cost of the service was as follows:

(1) Cost of ice.....	\$40.42
(2) Haulage of ice ($4.1 \times 494 \times \$0.00165$).....	3.34
(3) Switching ($3.69 \times \$0.505$).....	1.86
(4) Bunker repairs.....	6.04
(5) Supervision ($\$2.16 + 3.69 \times \0.2374).....	3.04
(6) Hazard.....	1.25
(7) Taxes.....	.32
(8) Profit.....	.50
Total.....	56.77

The difference between the average charges and the average cost was \$2.62, or 4.41 per cent of the average charges.

Grouping the principal commodities originated in the several States and computing the cost of the service, including profit, in accordance with the foregoing, the results are as follows:

Origin	Number of cars	Commodity	Average charges, including detention charges	Average cost, including profit	Difference per car	Per cent difference
Florida.....	17,397	Citrus fruits and vegetables.....	\$73.25	\$62.66	\$10.59	14.46
Do.....	179	Berries.....	79.68	61.28	18.40	23.09
Do.....	22	Other fruits and melons.....	86.85	79.89	6.96	8.01
Georgia.....	9,355	All, principally peaches.....	81.44	68.49	12.95	15.90
South Carolina.....	472	Fruits, berries, and melons.....	74.49	64.38	10.11	13.57
Do.....	3,147	Vegetables.....	61.93	54.92	7.01	11.32
North Carolina.....	1,454	Berries.....	66.05	53.34	12.71	19.24
Do.....	1,091	Vegetables and melons.....	67.12	60.32	6.80	10.13
Do.....	1,901	Fruits.....	71.91	67.45	4.46	6.20
Virginia.....	964	All, principally apples and fruits.....	59.39	56.77	2.62	4.41

The average charges and costs are determined, respectively, by multiplying the number of cars destined to points taking the same rate by the applicable refrigeration charge plus detention charges, and by the cost, adding the total for each group and dividing the grand totals by the total number of cars.

RELATIONS BETWEEN RESPONDENTS AND EXPRESS COMPANY

As indicated at the outset in this report, the express company, while not a common carrier subject to our jurisdiction, is controlled by 18 respondents which own all of its stock, and it acts as the agent of 56 respondents in the performance of certain services. We deemed it our duty in this investigation for two principal reasons to examine, so far as practicable, not only into the costs incurred by the express company in the icing service, but also into its affairs generally, including its relations with respondents.

In the first place shippers and carriers both have a tendency to become confused in their association of the express company with the icing service here under consideration. For example, shippers are inclined to argue that because the express company does not haul the ice or switch the cars, and because it receives the refrigeration charges in their entirety, it follows that these elements of cost ought not to be included in these charges. Similarly they argue that because all car repairs, including bunker repairs, are considered in determining the amount of the car mileage rentals which respondents pay to the express company for the use of the cars, it follows that bunker repairs ought not also to be included in determining the amount of the refrigeration charges. By much the same line of reasoning respondents are inclined to argue that if a reduction in refrigeration charges would leave the express company with plainly inadequate net income, it follows that such reductions would be unjust. This was, indeed, strongly urged by respondents at the oral argument.

The second reason for examining into the affairs of the express company generally is the fact that, being wholly the creature of certain respondents, it may be used by them as a vehicle for converting earnings subject to recapture under section 15a of the interstate commerce act into income, taking the form of dividends on express company stock, which is not subject to recapture.

On December 31, 1926, the express company had an investment of \$24,588,309 in cars and \$1,445,419.97 in other physical property. It had capital stock outstanding of a par value of \$4,254,400 and equipment trust obligations of a face value of \$15,005,980. Its depreciation reserve on that date, mostly for cars, amounted to \$5,387,980, and its profit and loss surplus totaled \$3,441,516. Its net income for the year, after the payment of all charges, including taxes, rentals, interest, and discount, amounted to \$1,074,307, or about 25 per cent upon outstanding capital stock. From May 1, 1920, to December 31, 1926, it paid dividends in the following years at the following rates:

Year:	Per cent
1922	10
1923	7
1924	10
1925	10
1926	10

Of these dividends, \$819,940 were paid in cash and \$688,800 in stock.

Under its agreements with the 56 respondents the express company undertakes to furnish refrigerator cars and protective service. The terms differ in some respects, but they all provide in substance that—

(1) The express company shall receive the stated refrigeration charges provided by perishable protective tariffs lawfully in effect at the time wherever the traffic moves under such charges.

(2) The railroad shall move the cars of the express company to icing stations for initial icing, and from initial icing stations to loading stations, and to and from icing and reicing stations, including in such movements the cars of the express company in transit, and shall perform all switching at such icing and reicing stations as may be necessary to admit of the prompt icing and reicing of cars.

(3) The railroad shall pay to the express company as rental for the use of each of said cars run over the lines of the railroad, both loaded and empty, the mileage or per diem established by the American Railway Association and in force at the time or as established by tariffs lawfully in effect, and the express company shall endeavor to direct the movement of its cars so that the loaded mileage will approximate the empty mileage.

(4) The railroad shall make no charge against the express company for movement of dry or iced refrigerator cars over its rails for protection of business covered by the agreement, nor shall it make any charge for the movement of ice contained in the bunkers of such cars.

In the year ended December 31, 1926, the operating revenue of the express company was derived from the following sources:

(1) Car mileage	\$5,840,292.42
(2) Refrigeration revenue	5,798,950.44
(3) Protective service	898,585.00
(4) Ice sales revenue	141,446.05
(5) Miscellaneous revenue	962.85

Item (2) is the revenue received from the stated charges here in issue. Item (3) consists of payments by respondents to the express company in cases where no stated charge is assessed for the refrigeration service, and the shipper is charged on the cost-of-ice basis or pays no charge other than what may be included in the line-haul rate, as in the case of certain less-than-carload service. These payments by respondents usually take the form of amounts per car, ranging from \$6.50 to \$15, and are intended to cover service rendered by the express company apart from the furnishing of the ice. Item (4) is clear profit. It appears that when the express company furnishes ice for which the shipper pays at tariff rates under the cost-of-ice basis, respondents pay the express company for the ice at actual cost, but not less than the tariff rate. The profit, where the tariff rate exceeded the cost, amounted to \$141,446.05 on ice sales totaling \$2,296,261.35. The remainder was credited to ice expense.

It will be seen from this statement of revenues that the mere fact that a reduction in refrigeration revenues might result in inadequate net income would not prove the injustice of such a reduction, for it would first be necessary to determine whether or not revenues received from other sources were adequate. Our accountants arrived at the conclusion, after an analysis of the accounts, that the car-mileage rentals fall considerably short of adequacy. These rentals are not here in issue, and we shall not attempt to reach conclusions with respect to them, except to say that the analysis does indicate that the subject merits careful consideration by respondents.

It is clear, however, that the arrangements between the express company and respondents are open to serious criticism. The stated refrigeration charges are based in part upon expenses incurred in hauling ice and switching cars. These expenses are in no way incurred by the express company, but it receives the compensation for them, and the railroad companies which actually incur the expense receive nothing. (It may be remarked, also, that at the oral argument respondents placed themselves in the curious position of arguing that the reductions in refrigeration charges recommended in the proposed report would unduly deplete the earnings of the express company, although those reductions were largely predicated upon elements of the service which the express company does not perform at all.) Many of these companies are not stockholders of the express company and hence receive no indirect compensation for their services in the shape of dividends. The refrigeration charges also include an allowance for bunker repairs, but all of the repairs to the cars, including those made to refrigeration devices, are presumed to be considered in the determination of the car mileage rentals. If these rentals are adequate, therefore, the express company receives double compensation for its services in making bunker repairs. On the other hand the express company, as we have seen, performs extensive services for the 56 respondents which have agreements with

it, in connection with the supervision of the supply, movement, inspection, and cleaning of the refrigerator cars and the inspection of their lading. This supervision has no direct connection with the icing service and pertains instead to the transportation service. For these supervisory services the express company receives no direct compensation from respondents.

It is evident that these arrangements are of no immediate concern to the shippers. For example, if ice haulage involves expense which ought to be covered by the stated refrigeration charges, the shippers should pay charges so computed and they are not directly wronged if, after they have paid them, respondents turn the money over in its entirety to an express company which has done none of the hauling. These matters are, however, of general public concern, for they involve the prosperity of particular carriers and also the amounts of income which should properly be recapturable under section 15a. They are not matters which we have power to correct by order, but they are matters concerning which we are undoubtedly authorized to express our views. In our opinion the existing arrangements should clearly be readjusted so that any amounts which shippers pay through the refrigeration charges for the hauling of ice and the switching of cars should go to the carriers which perform those services, and so that the express company will not receive duplicate compensation for bunker repairs. Furthermore, to the extent that the express company performs services for certain respondents which pertain to transportation service, fair compensation should be paid directly for such services and it should not be paid indirectly through the refrigeration charges in a manner which precludes an accurate check.

We are further of the opinion that when the carriers perform a part of their transportation service through a separate agency having a monopoly and not subject to the restraint of competition they should, as they do here, control that agency, but its accounts and the contracts which it makes with the carriers should be subject to our jurisdiction. The investigation which we have made in this proceeding is essential to the determination of reasonable charges for a special service which by statute has been included in the transportation duties of respondents. Yet this investigation, so far as it involves the accounts and records of the express company, has been made as a matter of favor. Under the present law we have no access to the records of that company which we could have enforced as a matter of legal right. Plainly this is an indefensible situation, which ought not to be permitted to continue.

One further word of comment upon the general situation seems desirable. We have found in this proceeding that respondents should be reimbursed for certain costs through the stated refrigeration charges and for certain other costs through freight rates. Cost analysis has not, however, yet developed to such an extent that it can be effectively applied in the regulation of the latter. It is a matter of doubt, therefore, whether after certain costs have been taken care of through stated refrigeration charges the shippers are relieved, as they should be, from the burden of those costs so far as the freight rates are concerned, and it is equally a matter of doubt whether in those rates respondents receive sufficient compensation for the costs which the transportation service involves. It seems evident that sooner or later these doubtful matters must in some way receive analytical study.

STATUS OF GROWERS

Evidence was offered to the effect that the peach growers of Georgia and the growers of peaches, vegetables, and berries in North Carolina are in poor financial condition. Many of the orchards in Georgia are heavily mortgaged. The testimony indicates that in former years a profit has been realized from the crop, but that in recent years the total of growing, packing, transportation, and selling costs is in many instances more than the sales price. It appears that the cost of growing peaches has increased considerably in recent years due to diseased trees, necessitating the use of insecticides, etc. Labor and material costs have also increased, as have transportation and refrigeration charges.

With respect to certain commodities it was said that the extension of markets is restricted by reason of the present charges for refrigeration. In former years also the carriers loaded the commodities in the cars and furnished strips and nails necessary in order to separate the lading. Now the shipper bears this cost, which amounts to from \$3.50 to \$5 per car. Complaint was also made that so-called short refrigerator cars are furnished to some extent in these territories. The capacity of the ice bunkers in such cars is 6,800 pounds, and it is contended that this capacity is insufficient for proper refrigeration, with the result that the lading reaches destination in poor condition and the sales price is reduced.

No evidence was offered showing to what extent present charges for refrigeration service have tended to bring about the financial situation surrounding the growers. The most substantial difficulties appear to be due to marketing problems and selling costs. It is clear that if the refrigeration charges have influenced the present financial condition of the growers, they have been but one of several such factors. Shippers call attention to the Hoch-Smith resolution. We have kept the

provisions of that resolution in mind and have given them all the weight which properly and lawfully can be given in an adjustment where charges are based upon the cost of the service plus a reasonable profit.

Meager evidence was offered as to changes which might be made in some of the rules included in the perishable protective tariff. The scope of this proceeding was broad enough to include consideration of rules affecting the charges for protective service. However, bearing in mind the consideration which was given to these rules when they were established and their wide application, we think that they should not be changed except upon comprehensive and adequate evidence. Such evidence we do not have in this record. The same conclusion applies to changes suggested in the territory to be included in certain Florida origin groups.

FINDINGS

Owing to the limitations of the record, which for the reasons which have been indicated was largely confined to standard refrigeration service and to traffic moving through Potomac Yard and Norfolk, our findings will be restricted to charges for such service from the origin territory involved to destinations in trunk-line and New England territories. However, it will not be difficult for respondents to readjust their charges for other forms of refrigeration service and to destinations in central territory in line with these findings, and this should be done. In this connection it should be noted that the factors which we have arrived at for bunker repairs, supervision, hazard or risk, taxes, and profit are factors which were based upon data covering the operation of the express company in general and hence they may be applied without change to traffic destined to central territory points. This is not true of the factors for cost of ice, haulage of ice, and switching, but respondents can obtain the data necessary for the adjustment of these factors to traffic other than that covered by our findings.

We find:

(1) That the charges for standard refrigeration of citrus fruits and vegetables from points in Florida to destinations in trunk-line and New England territories are and for the future will be unreasonable to the extent that they exceed, or may exceed, 85.50 per cent of the charges now applicable.

(2) That the charges for standard refrigeration of berries from points in Florida to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 77 per cent of the charges now applicable.

(3) That the charges for standard refrigeration of other fruits and melons from points in Florida to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed or may exceed 92 per cent of the charges now applicable.

(4) That the charges for standard refrigeration of fruits, vegetables, berries, and melons from points in Georgia to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 84 per cent of the charges now applicable.

(5) That the charges for standard refrigeration of fruits, berries, and melons from points in South Carolina to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 86.5 per cent of the charges now applicable.

(6) That the charges for standard refrigeration of vegetables from points in South Carolina to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 88.5 per cent of the charges now applicable.

(7) That the charges for standard refrigeration of berries from points in North Carolina to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 80.5 per cent of the charges now applicable.

(8) That the charges for standard refrigeration of vegetables and melons from points in North Carolina to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 90 per cent of the charges now applicable.

(9) That the charges for standard refrigeration of fruits from points in North Carolina to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 94 per cent of the charges now applicable.

(10) That the charges for standard refrigeration of fruits, berries, vegetables, and melons from points in that portion of Virginia west of Chesapeake Bay to destinations in trunk-line and New England territories are, and for the future will be, unreasonable to the extent that they exceed, or may exceed, 95.5 per cent of the charges now applicable.

In computing new charges in accordance with the above findings, amounts less than 25 cents should be dropped, amounts of 25 cents or more but less than 75 cents should be stated as 50 cents, and amounts

of 75 cents or more but less than \$1 should be raised to the next dollar.

An appropriate order will be entered giving effect to these findings and discontinuing this proceeding, No. 17936.

COMPLAINT CASES

As indicated on the title page, this report also embraces the complaints in No. 17132, No. 17132 (Sub-No. 1), and No. 17860. These complaints were originally considered in Georgia Peach Growers Exchange v. A. G. S. R. R. Co., supra, and attack refrigeration charges on fresh peaches, in carloads, from producing points in Georgia, North Carolina, and South Carolina to interstate destinations in official and southern territories and also to St. Paul and Minneapolis, Minn., Kansas City, Mo., Des Moines, Iowa, Omaha, Nebr., and destinations in eastern Canada, as unreasonable and unduly prejudicial to complainants and unduly preferential of shippers of peaches from various other producing sections. In addition the Georgia complainants attacked the rule, 225 (D) of Agent R. C. Dearborn's I. C. C. No. 1, concerning certain charges for the reicing of cars. Lawful charges for the future and reparation are sought.

In our original report, 139 I. C. C. 143, in the case above cited we said, at pages 144 and 145:

"The evidence of record concerning refrigeration charges is rather meager and on the whole does not afford a satisfactory basis for prescribing charges for application throughout the large territory comprehended in this proceeding. The same is true with reference to Rule 225 (D). Refrigeration charges on peaches from the territory here considered are in issue in No. 17936, now pending. An exhaustive record is being made in that proceeding. Determination of the issues herein concerning refrigeration charges and also Rule 225 (D) will therefore be deferred pending our decision in No. 17936."

The destination territory embraced in the complaint cases is more extensive than that covered in No. 17936. Our order therein is limited to destinations in trunk-line and New England territories, and will dispose of the complaints in so far as standard refrigeration charges for the future to such destinations are concerned. In the case of other destinations the record is inadequate, both in the investigation and in the complaint cases, but, as had been indicated above, the findings in the former will enable respondents to make a corresponding readjustment of their charges to these other destinations.

With respect to reparation, the record in the complaint cases does not support a finding of unreasonableness in the past or for the future. The record in No. 17936 has not been consolidated with the record in the complaint cases, and furthermore the order of investigation in No. 17936 did not put in issue refrigeration charges in the past but only future charges.

Upon the record of the complaint cases covered by this report, we find that it has not been shown that the refrigeration charges and rule therein attacked were, are, or for the future will be unreasonable or otherwise unlawful, and the complaints in these cases will be dismissed.

ORDER

It appearing that by order dated January 29, 1926, the commission entered upon an investigation into and concerning the justness, reasonableness, and lawfulness of the charges of all common carriers by railroad subject to the interstate commerce act and operating in southern classification and official classification territories, applicable to the protection against heat of perishable freight, such as fruits, vegetables, berries, and melons from points in Florida, Georgia, South Carolina, North Carolina, and Virginia, to destinations in the United States in official classification territory, and into and concerning the character, extent, and cost of such protective service, with a view to prescribing such just and reasonable charges therefor as may appear to be warranted; and

It further appearing that all common carriers by railroad subject to the interstate commerce act and operating in southern and official classification territories were made respondents in this proceeding; and

It further appearing that a full investigation of the matters and things involved has been had, and that the commission, on the date hereof, has made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered that the above-named respondents, according as they participate in the transportation, be, and they are hereby, notified and required to cease and desist on or before April 15, 1929, and thereafter to abstain from publishing, demanding, or collecting for standard refrigeration of

(1) Citrus fruits, and vegetables from points in Florida to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 85.50 per cent of the charges now applicable.

(2) Berries from points in Florida to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 77 per cent of the charges now applicable.

(3) Melons and fruits, other than citrus fruits, from points in Florida to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 92 per cent of the charges now applicable.

(4) Fruits, vegetables, berries, and melons from points in Georgia to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 84 per cent of the charges now applicable.

(5) Fruits, berries, and melons from points in South Carolina to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 86.50 per cent of the charges now applicable.

(6) Vegetables from points in South Carolina to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 88.50 per cent of the charges now applicable.

(7) Berries from points in North Carolina to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 80.5 per cent of the charges now applicable;

(8) Vegetables and melons from points in North Carolina to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 90 per cent of the charges now applicable;

(9) Fruits from points in North Carolina to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 94 per cent of the charges now applicable;

(10) Fruits, vegetables, berries, and melons from points in Virginia west of Chesapeake Bay to destinations in trunk-line and New England classification territories charges which exceed, or may exceed, 95.5 per cent of the charges now applicable; and

It is further ordered that said respondents be, and they are hereby, notified and required to establish on or before April 15, 1929, upon notice to this commission and to the general public by not less than 15 days' filing and posting in the manner prescribed in section 6 of the interstate commerce act, and thereafter to maintain and apply to standard refrigeration of fruits, vegetables, berries, and melons from the States and to the territory defined in the preceding paragraphs numbered (1) to (10), inclusive, charges which shall not exceed the percentages of the charges now applicable set forth in the respective paragraphs, except as provided in the succeeding paragraph; and

It is further ordered that in computing new charges in accordance with the requirements hereof amounts less than 25 cents shall be dropped, amounts of 25 cents or over but less than 75 cents shall be stated as 50 cents, and amounts of 75 cents or more but less than \$1 shall be raised to the next dollar; and

It is further ordered that this order shall continue in force until the further order of the commission; and

It is further ordered that this proceeding be, and it is hereby, discontinued.

MANUFACTURE OF FERTILIZER

Mr. LARSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein a copy of a letter written by the Illinois Farm Institute, composed of Mr. John C. McKenzie, a former Member of this House, and other gentlemen, regarding the Muscle Shoals project.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. LARSEN. Mr. Speaker, by virtue of permission this day granted me by the House, I submit for insertion in the RECORD a copy of a letter written by the Illinois Farmers' Institute to the President of the United States requesting that he recommend that the Congress, during the present extra session, formulate some such legislation as is contemplated by the Madden bill which would make possible the manufacture of fertilizers at Muscle Shoals for benefit of agriculture.

This letter is signed by gentlemen who are known throughout the Nation to be men of character and of outstanding ability, who possess information as to the needs of agriculture and have its welfare at heart.

The letter is as follows:

CHICAGO, ILL., April 6, 1929.

Hon. HERBERT HOOVER, President,
The White House, Washington, D. C.

DEAR MR. PRESIDENT: The undersigned standing committee was appointed by the Illinois Farmers' Institute in 1927 to consider the nitrogen problem of Illinois farmers and how the Government's Muscle Shoals development might be made to serve our people.

The great economic development of America has been possible because of the virgin fertility of its soils, due chiefly to the abundance of nitrogen, originally estimated to amount to a total of 550,000,000 tons.

According to present estimates about one-half the nitrogen supply in our soils is gone and we are exhausting the balance at a rate of about 3,000,000 tons annually.

This necessary nitrogen is largely the measure of plant growth, of dairy production, of meat production, and of poultry production, and

the increasing shortage of concentrated protein feeds, due to the depleted condition of our soils, is becoming more and more embarrassing to the producers of dairy, meat, and poultry products. Our costs of production constantly tend to increase, and sooner or later, if present tendencies continue unchecked, they will compel a lower standard of living for a large number of people, and it will be the city people rather than we farmers who will be the first to feel the pinch.

Our producers of dairy, meat, and poultry products are now paying from 50 cents to \$1 per pound for the nitrogen in the form of protein feed, which they must have, and yet nitrate plant No. 2, at Muscle Shoals, known to be able to fix nitrogen at 5 to 6 cents per pound or less, is standing idle.

We agree heartily with the Committee on Military Affairs of the House of Representatives, who stated in their former report, "By the use of fertilizers the yields per acre and per unit of labor can be largely increased; and with fertilizers obtained cheaply and used wisely, the farmer can obtain larger crops. No form of farm relief offers greater possibilities of real aid to distressed agriculture than the cheapening of fertilizers." The committee points out the fact that the Muscle Shoals inquiry in 1925, after an extensive investigation carried on in 23 States, concluded that concentrated fertilizers produced at Muscle Shoals with a manufacturer's profit limit of 8 per cent can save the farmers an average of 43 per cent of their fertilizer bills, and we have never seen any attempt to controvert this statement.

Under these conditions we believe that you will agree with us that the settlement of the Muscle Shoals question in such a way as to benefit agriculture is a legislative problem that deserves an important place in the program of the extra session, called, as we understand it, primarily to enact agricultural legislation.

The late Hon. Martin B. Madden, of Illinois, whose statesmanship has seldom seen an equal in the House of Representatives, referring to the disposition of Muscle Shoals, made a significant statement which we quoted in our report to the Illinois Farmers' Institute on November 14, 1927. Mr. Madden declared: "We must dispose of this matter not as one that benefits any particular class of people or any particular section of the country but as one which either directly or indirectly reaches out to every soul in every village, town, and countryside of the Republic."

We earnestly hope, Mr. President, that you will look upon the Muscle Shoals enterprise in this broad way—not that we expect that under the Madden bill, which we heartily favor, all the fertilizers in the United States are to be produced there—for that in our estimation is neither necessary nor desirable; but the production of a tonnage estimated by the Military Affairs Committee at the equivalent of 320,000 tons of nitrate of soda and 1,380,000 tons of acid phosphate annually, delivered to farmers at an average reduction of 43 per cent will have an immediate and important effect in bringing about the use of these new concentrated fertilizers at lower cost throughout the United States.

We thoroughly agree with you that the Government should not engage in business in competition with its citizens. In the case of Muscle Shoals we see no reason for such a policy but believe that competent private industry under the Madden bill can bring about the benefits which we seek.

We trust that this legislation will have your approval and that you will recommend that Congress during the extra session will take up and pass the Madden bill as one of direct and effective way of contributing toward the relief of agriculture by helping us reduce our present high cost of production.

Respectfully yours,

MUSCLE SHOALS COMMITTEE,
ILLINOIS FARMERS' INSTITUTE.

FRANK I. MANN,

Farmer; member agricultural advisory committee, University of Illinois, soil fertility editor *Prairie Farmer*, chairman.

HENRY M. DUNLAP,

Orchardist; president Illinois Commercial Apple Growers Association; member horticultural advisory committee, University of Illinois; member Illinois State Senate.

AUGUST GEWECKE,

Market gardener; president Cook County Truck Gardeners Association; director Illinois Farmers Institute.

JOHN C. MCKENZIE,

Formerly chairman Committee on Military Affairs, United States House of Representatives; chairman Muscle Shoals inquiry.

HARRY WILSON,

Educator; member Illinois State Senate, director Illinois Farmers Institute.

H. E. YOUNG,

Secretary Illinois Farmers Institute; Secretary of the committee.

EXTENSION OF REMARKS—FARM RELIEF

Mr. FRANK M. RAMEY. Mr. Speaker, Congress has been called into extraordinary session for the primary purpose of protecting and safeguarding those engaged in the basic industry of the Nation—that of agriculture. To-day those engaged in agri-

culture are engaged in the Nation's most fundamental industry, since they are called upon in a great measure to feed our country's 120,000,000 people; and in addition to that they annually export a billion and a half dollars' worth of products to other lands. Human life could not exist without the products of the soil.

In order that we may fully understand the situation, it might be well to look back over the pages of the agricultural history of our Nation. Farming has for over 100 years been a distinct undertaking in this country. At the beginning of that time land was very plentiful and not much thought was given to farming except acquiring acreage.

Then as we come down through the years to about 60 years ago, and it was then that most of the available farming land was under control. Agriculture was then making great strides. Institutions and colleges were founded for instruction in agriculture and that industry then began to be recognized as one of great importance and which was some day to have its place in our national economic structure. Thus for a long time steadily, step by step, we have been gradually approaching the present time when the farmer has a perfect right to expect and receive his full share of economic right of way in our country with the laborer, business man, merchant, manufacturer, and others.

Agriculture is now recognized as one of our greatest industries, basic in importance, and one which must have its place in our national economic structure along with commerce, mining, and manufacturing. Then as a present economic era in agriculture presents itself, as a direct consequence there appear many perplexing problems, such as imports, exports, tariff, transportation, markets, surpluses, production, and many, many more. All of these problems have been in the past and are at the present time rapidly increasing in importance with the growing population and with the increase in production of agricultural products, so that we are now confronted with a combination of all of these many distinct and related problems under the term called our "agricultural problem." Consequently, it is not a single problem but a great combination of diversified interests, and for that reason it is one not easily solved or adjusted. For many years past there has been a deep seat of unrest and anxiety. The distress of our farmers is widespread and far-reaching in its consequences.

Thus we have reached a crisis for American agriculture. We have reached a crisis in the life of the Nation, for it is an evident fact that the prosperity and happiness of our American people must ultimately, to a great extent, rest on the prosperity of the American farmers, for they constitute approximately one-third of the population of our country. As a further consequence it might be said that there is a great influx of population, consisting of dissatisfied farmers and farm laborers, from the country to the city, which means increased competition among those seeking employment there. The Middle West, a great expanse of rolling prairies stretching from the mountain ranges on the east to the Rockies on the west, and from the Gulf of Mexico on the south to the border line between the United States and Canada, is the center of the great agricultural interests of the Nation. In this territory are produced between 70 and 80 per cent of most of the basic products necessary for the sustenance of our own people and millions across the ocean. Consequently, this great section, so dependent upon the farmer for whatever prosperity it enjoys, has received the brunt through the present distress of agriculture.

It is just and right that the tiller of the soil should have a just return for his labor and money invested. In view of the existing conditions in the agricultural districts it is apparent he does not get this adequate return. It is obvious that we must have the farmer, and it is true that the farmers are not satisfied. They are not satisfied because they believe that the Government has not taken a proper interest in them.

Instead of farm drudgery the farmer should have the comforts of life the same as persons of other vocations of the Nation enjoy. The farmer sees the progress of all other lines of endeavor and contrasts that with his own condition. Statistics show that our agricultural population purchases annually from other industries approximately \$7,000,000,000 worth of their products, and that the farmer, on the other hand, supplies materials upon which many other industries depend; that the farmer furnishes approximately one-sixth of the total tonnage of freight carried by the railroads of our country; that agriculture furnishes about one-half of the total value of our exports.

It is the common knowledge of all that agriculture has not kept pace with the other industries of the Nation and that there is a great lack of balance between industry and agriculture, which is becoming more evident and vital as the years go by.

With a knowledge of the present agricultural situation, and after various attempts to pass legislation to remedy the situation have been made, we now have for consideration a bill to

establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to place agriculture on a basis of economic equality with other industries. The bill creates a Federal farm board, to have the power and authority to deal with farmer-owned and farmer-controlled agencies, stabilization corporations, clearing-house associations, and all the many other agricultural organizations and agencies. It is designed to stabilize farm products, reduce agricultural waste, encourage cooperative marketing, and protect surplus crops. To the end that proper financing may be had, the bill creates a revolving fund of \$500,000,000 for disposal in making loans to stabilization corporations and other agencies designed to prevent serious price depressions in agricultural commodities. This sum of money applied with good business judgment and management is sure to have a tremendous effect in the working arrangement and dealings between the Federal farm board, on the one hand, and the agricultural agencies mentioned above, on the other.

In discussing the agricultural problem during the campaign, President Hoover said, with reference to the Federal farm board:

Thus we give to the Federal farm board every arm with which to deal with the multitude of problems. This is an entirely different method of approach to solution from that of a general formula; it is flexible and adaptable. No such far-reaching and specific proposals have ever been made by a political party on behalf of any industry in our history. It is a direct business proposition. It marks our desire for establishment of farmer's stability and at the same time maintains his independence and individuality.

The bill before Congress possibly will not cure all the evils of the present crisis of agriculture, and it should not be expected to, but it will be a great start in the right direction. Without a start we can never proceed. It is very seldom, if ever, that a major legislation is perfect and accomplishes everything for which it was intended. Even the Constitution of our Nation had to be amended, as have many other important pieces of legislation and great documents of state. Every Member of Congress coming from agricultural States must fully realize that something must be done to relieve the agricultural situation. Many other interests, such as business interests and labor interests, through their organizations, have been given much legislation. Now our farmers are asking for legislation, and in all fairness to them we, as Members of Congress, should do everything within our power to remedy their situation.

The Agricultural Committee of the House of Representatives, consisting of 21 members, had only 2 dissenting votes on the question of reporting this bill out of committee. The members of the committee have worked strenuously to get this bill in shape. They have been hearing testimony for a long time. They have examined many witnesses and taken statements from many gentlemen of high rank in all of the varied branches of agriculture. They have the utmost confidence in its results.

I desire to quote from the summary of the report of the Agricultural Committee, as follows:

SUMMARY

We believe that this program avoids the difficulties on which past legislation has been wrecked. It is so clearly constitutional that we feel it unnecessary to attach a brief to that effect. It offers no subsidy, direct or indirect; the Government is not placed in business; there is no hint of price fixing or arbitrary price elevation; it requires no elaborate machinery and creates no powerful bureaucracy; it imposes no tax upon the farmers; it contains no economic unsoundness.

It does propose to furnish temporarily the capital upon which agriculture can organize to own and control its own business. It embraces all agriculture without assuming control over the farmer. It offers the maximum help the Government can give. It contemplates the stabilization of prices. It requires the initiation of all action by the farmers through their own organizations and gives the board only advisory powers except at their request. It is in accordance with sound economic law. It is the best program that has yet been offered for the relief of agriculture, not only from temporary emergency but from the threat of future disaster. It is—and should be—more than any government has ever offered in behalf of any industry.

Wisely administered, it should assure to agriculture complete economic equality with other industry, and preserve its economic independence.

It is of the highest importance that at this extra session of Congress some constructive and adequate measure be passed, and be passed at once, the object of which is to place the American farmer in the position of equal opportunity and prosperity with that of the other classes of our people.

We should give the utmost consideration to the problem of agriculture, which I believe to be the most vital question that confronts our country to-day. We, as Members of Congress,

should rise to meet the situation and do everything within our power to restore the American farmers to the position in our economic structure which they have heretofore so honorably filled.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted (at the request of Mr. DOMINICK) to Mr. McSWAIN, for seven additional days, on account of illness.

ADJOURNMENT

Mr. HAUGEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p. m.) the House adjourned until to-morrow, Thursday, April 25, 1929, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

3. Under clause 2 of Rule XXIV a communication from the President of the United States, transmitting proposed legislation affecting an existing appropriation which would enable the Secretary of Agriculture to meet the grave emergency due to the presence of the Mediterranean fruit fly in certain sections of the State of Florida by making available \$4,250,000 until June 30, 1930, for necessary expenses in connection with the eradication, control, and prevention of the spread of this pest (H. Doc. No. 7), was taken from the Speaker's table and referred to the Committee on Appropriations and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DARROW: A bill (H. R. 1911) to amend the radio act of 1927; to the Committee on the Merchant Marine and Fisheries.

By Mr. DAVILA: A bill (H. R. 1912) amending the immigration laws as applied to Porto Rico; to the Committee on Immigration and Naturalization.

By Mr. EDWARDS: A bill (H. R. 1913) authorizing the Secretary of Agriculture to make a survey to find rubber-producing plants grown in this country and with special reference to goldenrod and other plants grown in the State of Georgia; to the Committee on Agriculture.

By Mr. HOWARD: A bill (H. R. 1914) to promote the orderly marketing of farm products through the construction and operation of Federal warehouses for the reception and storage of farm products; to the Committee on Agriculture.

By Mr. HUGHES: A bill (H. R. 1915) to authorize the Secretary of War to lend War Department equipment for use at the world jamboree of the Boy Scouts of America; to the Committee on Military Affairs.

By Mr. JAMES: A bill (H. R. 1916) to authorize services of skilled draftsmen, civil engineers, and other services in the office of the Chief of Engineers; to the Committee on Military Affairs.

Also (by request of the War Department), a bill (H. R. 1917) to give war-time rank to certain officers on the retired list of the Army; to the Committee on Military Affairs.

Also, a bill (H. R. 1918) to provide for the appointment of a military storekeeper; to the Committee on Military Affairs.

Also, a bill (H. R. 1919) to authorize the acquisition for military purposes of certain lands in Porto Rico; to the Committee on Military Affairs.

By Mr. KELLY: A bill (H. R. 1920) to establish a system of longevity pay for postal employees; to the Committee on the Post Office and Post Roads.

By Mr. FRANK M. RAMEY: A bill (H. R. 1921) to establish and maintain a fish-hatching and fish-culture station in Sangamon County, State of Illinois; to the Committee on the Merchant Marine and Fisheries.

By Mr. SCHAFER of Wisconsin: A bill (H. R. 1922) to discontinue interest of and to regulate lobbyists who attempt to procure the passage or defeat of any measure before the Congress of the United States; to the Committee on the Judiciary.

By Mr. HOFFMAN: A bill (H. R. 1923) to authorize promotion upon retirement of officers of the Army in recognition of World War service; to the Committee on Military Affairs.

Also, a bill (H. R. 1924) to regulate computation of percentage of active pay to be paid as retired pay to officers of the Army; to the Committee on Military Affairs.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 1925) to recognize commissioned services as active commissioned service while on the retired list in determining rights of officers of the Regular Army; to the Committee on Military Affairs.

Also, a bill (H. R. 1926) to amend the act entitled "An act providing for the completion by the Secretary of War of a monument to the memory of the American soldiers who fell in the Battle of New Orleans at Chalmette, La., and making the necessary appropriation therefor," approved March 4, 1907; to the Committee on the Library.

Also, a bill (H. R. 1927) to authorize the Secretary of War to assume the care, custody, and control of the monument to the memory of the soldiers who fell in the Battle of New Orleans, at Chalmette, La., and to maintain the monument and the grounds surrounding it; to the Committee on Military Affairs.

Also, a bill (H. R. 1928) to authorize the Secretary of War to assume the care, custody, and control of the monument to the memory of the American soldiers who fell in the Battle of New Orleans, at Chalmette, La., to maintain the ground, and for other purposes; to the Committee on Military Affairs.

Also, a bill (H. R. 1929) authorizing the Secretary of Commerce to construct and equip a light vessel for the Passes at the entrances to the Mississippi River, La.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 1930) to authorize the construction of a memorial building at or near the battle field of New Orleans; to the Committee on Military Affairs.

By Mr. SMITH of Idaho: A bill (H. R. 1931) to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, as amended; to the Committee on the Civil Service.

By Mr. VESTAL: A bill (H. R. 1932) to authorize the licensing of patents owned by the United States; to the Committee on Patents.

By Mr. WRIGHT: A bill (H. R. 1933) to authorize an appropriation for the construction, equipment, maintenance, and operation of a dry-cleaning plant at Fort Benning, Ga.; to the Committee on Military Affairs.

By Mr. BOYLAN: Joint resolution (H. J. Res. 52) to appoint a commission to make a study of the proposed change in the printing of the CONGRESSIONAL RECORD; to the Committee on Rules.

By Mr. O'CONNOR of Louisiana: Joint resolution (H. J. Res. 53) authorizing the Secretary of War to lease to New Orleans Association of Commerce, New Orleans Quartermaster Intermediate Depot Unit No. 2; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of Rule XXII memorials were presented and referred as follows:

By Mr. COOPER of Wisconsin: Memorial of the State Legislature of the State of Wisconsin, memorializing the Congress of the United States to enforce all articles and amendments of the United States Constitution alike; to the Committee on the Judiciary.

By Mr. KADING: Memorial of the State Legislature of the State of Wisconsin, memorializing Congress of the United States to enforce all articles and amendments of the United States Constitution alike; to the Committee on the Judiciary.

By Mr. SELVIG: Memorial of the State Legislature of the State of Minnesota, urging Congress to provide an investigation of livestock marketing by the Federal Trade Commission; to the Committee on Agriculture.

Also, memorial of the State Legislature of the State of Minnesota, urging Congress to establish a national cemetery at Birch Coulee battle field, in Renville County, Minn.; to the Committee on the Library.

By Mr. THURSTON: House concurrent resolution adopted by the General Assembly of the State of Iowa, urging that increased facilities be provided for the care of World War veterans receiving treatment at the United States veterans' hospital, Knoxville, Iowa; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAIRD: A bill (H. R. 1934) granting an increase of pension to Helen Windsor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1935) granting an increase of pension to Marietta R. Burgoyne; to the Committee on Invalid Pensions.

By Mr. BLACKBURN: A bill (H. R. 1936) for the relief of Kate W. Milward; to the Committee on Claims.

By Mr. BOYLAN: A bill (H. R. 1937) for the relief of Jason David Byers; to the Committee on Military Affairs.

Also, a bill (H. R. 1938) authorizing the Secretary of the Treasury to make an examination of certain claims of the State of Missouri; to the Committee on War Claims.

By Mr. HALSEY: A bill (H. R. 1939) granting a pension to Alex Rice; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 1940) granting an increase of pension to Deborah M. Race; to the Committee on Invalid Pensions.

By Mr. HALSEY: A bill (H. R. 1941) granting a pension to Mary E. Burchett; to the Committee on Invalid Pensions.

By Mr. HOFFMAN: A bill (H. R. 1942) for the relief of the dependents of Vincent A. Clayton; to the Committee on Claims.

Also, a bill (H. R. 1943) for the relief of the estate of George B. Spearin, deceased; to the Committee on Claims.

By Mr. HOPKINS: A bill (H. R. 1944) for the relief of Bruce Bros. Grain Co.; to the Committee on Claims.

By Mr. HUGHES: A bill (H. R. 1945) to authorize the appointment of Master Sergt. Lyle E. White as a warrant officer, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 1946) granting a pension to Roy Kelley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1947) granting a pension to M. D. Shiflet; to the Committee on Pensions.

By Mr. KADING: A bill (H. R. 1948) granting a pension to Clara Robbins; to the Committee on Invalid Pensions.

By Mr. KENDALL of Kentucky: A bill (H. R. 1949) granting a pension to Joseph Little; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1950) granting a pension to Benjamin F. Ramey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1951) granting a pension to James Deaton; to the Committee on Invalid Pensions.

By Mr. KENDALL of Pennsylvania: A bill (H. R. 1952) granting an increase of pension to Mary Grine; to the Committee on Invalid Pensions.

By Mr. KIEFNER: A bill (H. R. 1953) awarding a medal of honor to Joseph S. Withington; to the Committee on Naval Affairs.

Also, a bill (H. R. 1954) for the relief of A. O. Gibbens; to the Committee on Claims.

By Mr. KIESS: A bill (H. R. 1955) granting a pension to Margaret E. Helwig; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1956) granting a pension to Emma K. Zimmerman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1957) granting an increase of pension to Carrie A. Kirtland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1958) granting a pension to Helen Payne; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1959) granting an increase of pension to Harriet J. Bailey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1960) granting an increase of pension to Mary Jane Stead; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1961) granting a pension to Sarah E. Kline; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1962) granting an increase of pension to Susan C. Phelps; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1963) granting a pension to Frank M. Peasley; to the Committee on Invalid Pensions.

By Mr. LEA of California: A bill (H. R. 1964) for the relief of S. A. Jones; to the Committee on Claims.

By Mr. MAAS: A bill (H. R. 1965) for the relief of Ross W. Dougherty; to the Committee on Naval Affairs.

By Mr. MOUSER: A bill (H. R. 1966) for the relief of Martha J. Tonguet; to the Committee on Military Affairs.

By Mr. MONTAGUE: A bill (H. R. 1967) granting an increase of pension to Harriett Wheaton; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 1968) to provide for a survey of Bayou Bienvenue, La., with a view to maintaining an adequate channel of suitable width and depth; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 1969) to provide for a survey of Bayou Terre Aux Boeuf, La., with a view to maintaining an adequate channel of suitable width; to the Committee on Rivers and Harbors.

By Mr. PORTER: A bill (H. R. 1970) authorizing the payment of an indemnity to the British Government on account of the death of Samuel Richardson, a British subject, alleged to have been killed at Consuelo, Dominican Republic, by United States marines; to the Committee on Foreign Affairs.

By Mr. ROBSON of Kentucky: A bill (H. R. 1971) granting an increase of pension to Amanda J. Littrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1972) granting an increase of pension to Loney Kerby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1973) granting an increase of pension to Joseph Woods; to the Committee on Pensions.

Also, a bill (H. R. 1974) granting an increase of pension to Ben B. Sell; to the Committee on Pensions.

Also, a bill (H. R. 1975) granting an increase of pension to Elijah Spurlock; to the Committee on Pensions.

Also, a bill (H. R. 1976) granting an increase of pension to Edward Lee; to the Committee on Pensions.

Also, a bill (H. R. 1977) granting an increase of pension to Jacob Anderson; to the Committee on Pensions.

Also, a bill (H. R. 1978) granting an increase of pension to Buster Davis; to the Committee on Pensions.

Also, a bill (H. R. 1979) granting an increase of pension to Albert Brewer; to the Committee on Pensions.

Also, a bill (H. R. 1980) granting an increase of pension to Floyd Lipton; to the Committee on Pensions.

Also, a bill (H. R. 1981) granting a pension to Eliza White; to the Committee on Pensions.

Also, a bill (H. R. 1982) granting a pension to Jesse A. Sparks; to the Committee on Pensions.

Also, a bill (H. R. 1983) granting a pension to William S. Stearnes; to the Committee on Pensions.

Also, a bill (H. R. 1984) granting a pension to Mary L. Skidmore; to the Committee on Pensions.

Also, a bill (H. R. 1985) granting a pension to Beverly Sizemore; to the Committee on Pensions.

Also, a bill (H. R. 1986) granting a pension to Polly Melton; to the Committee on Pensions.

Also, a bill (H. R. 1987) granting a pension to Allen Nantz; to the Committee on Pensions.

Also, a bill (H. R. 1988) granting a pension to William Barrett; to the Committee on Pensions.

Also, a bill (H. R. 1989) granting a pension to Robert C. Brown; to the Committee on Pensions.

Also, a bill (H. R. 1990) granting a pension to Millard Barrett; to the Committee on Pensions.

Also, a bill (H. R. 1991) granting a pension to Ellen Fletcher; to the Committee on Pensions.

Also, a bill (H. R. 1992) granting a pension to Robert H. Hays; to the Committee on Pensions.

Also, a bill (H. R. 1993) granting a pension to Peter T. Keeney; to the Committee on Pensions.

Also, a bill (H. R. 1994) granting a pension to Mary A. Owens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1995) granting a pension to Margaret B. Sutherland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1996) granting a pension to Josie Sames; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1997) granting a pension to Emma Love; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1998) granting a pension to Sarah Lawson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1999) granting a pension to Otho Cook; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2000) granting a pension to Mealy Glancey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2001) granting a pension to Leah E. Ford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2002) granting a pension to John York; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2003) granting an increase of pension to Kittie Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2004) granting a pension to Moses Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2005) granting a pension to Roy Webb; to the Committee on Pensions.

Also, a bill (H. R. 2006) granting a pension to Harry Gregory; to the Committee on Pensions.

Also, a bill (H. R. 2007) granting a pension to Mary Booher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2008) granting a pension to John Bailey; to the Committee on Invalid Pensions.

By Mr. SEIBERLING: A bill (H. R. 2009) to extend the benefits of the employees' compensation act of September 7, 1916, to Leon H. Hawley; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 2010) granting an increase of pension to Catherine Weatherston; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas (by request of the War Department): A bill (H. R. 2011) to authorize the Secretary of War to settle the claims of the owners of the French steamships *P. L. M. 4* and *P. L. M. 7* for damages sustained as a result of collisions between such vessels and the U. S. S. *Henderson* and

Lake Charlotte, and to settle the claim of the United States against the owners of the French steamship *P. L. M. 7* for damages sustained by the U. S. S. *Pennsylvanian* in a collision with the *P. L. M. 7*; to the Committee on War Claims.

By Mr. UNDERWOOD: A bill (H. R. 2012) granting an increase of pension to Amanda Reber; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

182. Petition of Barbers' Union, Local 148, San Francisco, Calif., favoring a reduction of 50 per cent in the Federal tax on earned incomes; to the Committee on Ways and Means.

183. By Mr. BURTNESS: Petition of members of Dakota Monarch Turkey Club, residing near Michigan, Petersburg, and Mapes, N. Dak., urging an increase in the tariff on live poultry to 10 cents per pound and on dressed poultry to 15 cents per pound, and particularly urging that if all of such increases can not be applied to poultry generally, that they be granted the more hazardous turkey industry; to the Committee on Ways and Means.

184. Also, petition of citizens of Vang, N. Dak., asking for the repeal of the national-origins provisions of the immigration act, and requesting continuance of quotas based on 2 per cent of the 1890 census; to the Committee on Immigration and Naturalization.

185. Also, petition of the board of directors of the North Dakota Wheat Growers' Association, substantially indorsing the so-called McNary agriculture surplus control act, suggesting amendments thereto; to the Committee on Agriculture.

186. By Mr. LUCE: Petition signed by A. P. Coleman and others, urging increase in pensions for Spanish War veterans; to the Committee on Pensions.

187. By Mr. QUAYLE: Petition of Valentine & Co., New York City, favoring china wood oil be retained on the free list; to the Committee on Ways and Means.

188. Also, petition of John Gilmore, 803 Lincoln Place, Brooklyn, N. Y., opposing a higher duty on sugar; to the Committee on Ways and Means.

189. Also, petition of Carl H. Schuit Corporation, of New York City, opposing the increase of duty on sugar; to the Committee on Ways and Means.

190. Also, petition of the Associated Leather Goods Manufacturers, New York City, favoring an increase in tariff schedules affecting their industry; to the Committee on Ways and Means.

191. Also, petition of Street & Smith Corporation, publishers, New York City, favoring certain amendments to paragraph 1672 of the tariff act—newsprint; to the Committee on Ways and Means.

192. Also, petition of N. L. Lederer (Inc.), of New York City, favoring an increase of duty on glues and gelatines; to the Committee on Ways and Means.

193. Also, petition of Williamson Candy Co., 50 Washington Street, New York City, opposing the advance of duty on nut meats; to the Committee on Ways and Means.

194. Also, petition of Hutcheson & Co. (Inc.), New York City, with reference to Schedule 7, agricultural products and provisions; to the Committee on Ways and Means.

195. Also, petition of the Debevoise Co., Brooklyn, N. Y., in favor of continuing china wood oil on its present status; to the Committee on Ways and Means.

196. Also, petition of John Reese, commander in chief of the Grand Army of the Republic, Broken Bow, Nebr., requesting that pension legislation be considered during the special session; to the Committee on Invalid Pensions.

197. Also, petition of the American Legion of the State of New Mexico, opposing plan toward the abandonment of the United States veterans' hospital at Fort Bayard, N. Mex.; to the Committee on World War Veterans' Legislation.

198. By Mr. HENRY T. RAINEY: Petition of Walter A. Abbott, Naples, Ill., and 65 other citizens of Naples, Ill., favoring moratorium for drainage districts; to the Committee on Irrigation and Reclamation.

SENATE

THURSDAY, April 25, 1929

(Legislative day of Tuesday, April 23, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1412) making appropriations for certain expenses of the legislative branch incident to the first session of the Seventy-first Congress.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Northern Federation of Civic Organizations, at San Francisco, Calif., favoring the passage of legislation reducing the tax on earned incomes by at least 50 per cent, which was referred to the Committee on Finance.

Mr. BLAINE presented a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to enforce all articles and amendments of the United States Constitution alike, and "that the same amounts of money be appropriated by Congress to bring about the enforcement of section 2 of the fourteenth amendment to the Constitution of the United States as is appropriated for the enforcement of the eighteenth amendment," etc., which was referred to the Committee on the Judiciary.

(See joint resolution printed in full when presented by Mr. LA FOLLETTE on April 23, 1929, p. 332, CONGRESSIONAL RECORD.)

FEDERAL FARM LOAN BANK, COLUMBIA, S. C.

Mr. BLEASE. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Banking and Currency some extracts in reference to the Federal farm loan bank at Columbia, S. C. I hope the members of the committee who supported the unfavorable report on my resolution will take the pains to read it.

There being no objection, the extracts were referred to the Committee on Banking and Currency and were ordered to be printed in the RECORD, as follows:

[From The State, Columbia, S. C., Tuesday, March 12, 1929]

BEAUFORT CASE GETS UNDER WAY—TRIAL OF RICHARDSON, HORNE, AND HARVEY BEGINS—IN FEDERAL COURT—H. C. ARNOLD, FORMER PRESIDENT OF LAND BANK, ON STAND

The trial of Walter E. Richardson, R. C. Horne, jr., and Miss Beulah B. Harvey on charges of violation of the Federal farm loan act in connection with the failure of the Beaufort Bank and the South Carolina Agricultural Credit Co. got under way yesterday in the United States Court for the Eastern District of South Carolina, Judge Johnson J. Hayes, of Greensboro, N. C., presiding. Another trial was held here in January, 1928, in which the three defendants in this case and three others were tried on charges arising out of the same failures.

Selection of a jury occupied the entire morning, both prosecution and defense refusing a number of veniremen as they were presented. Motions were made before the trial began by all defendants for severance, whereby each defendant would be tried separately, but the motions were overruled.

District Attorney J. D. E. Meyer, in presenting the case for the Government, said the Government charged that the defendants made statements to the Federal Intermediate credit bank, knowing them to be false, to obtain money from the intermediate bank, which statements influenced the action of the intermediate bank; that they obtained signatures to three kinds of alleged false papers—crop-production notes, mortgages of crops, and statements of personal property.

Mr. Meyer said the papers were false in that the signers did not own the property set forth in them, and that the signers did not, and did not intend to, plant the crops set forth in the crop mortgages. He said further that some of the statements were signed in blank.

The 26 counts on which the three defendants are being tried are all for the same alleged fraudulent action. The Beaufort Bank, of which Richardson was president, closed its doors July 10, 1926, after extended financial operations through the South Carolina Agricultural Credit Co., of which Horne was president and of which Richardson was a member of the board of directors and of the loan board. Miss Harvey was secretary and treasurer of the credit company and bookkeeper of the Beaufort Bank and was Richardson's secretary in the Beaufort Bank.

MORTGAGED PUBLIC ROAD

After explaining the indictment in detail Mr. Meyer said the Government intended to prove that some of the mortgaged property was a public road and that some of the individuals reputed to be worth thousands of dollars, according to their financial statements, were obtained through an employment agency in Philadelphia and were taken to Georgia, not having even stopped in South Carolina on their way down, and having never even seen the property they were reputed to have owned.

He said the Government proposed to prove that some of these men were brought down as mere farm laborers and their signatures obtained under various and divers pretexts to papers "in blank" and that these were later filled out. He said that the Government proposed to prove that each of these "blank" papers was signed by some one of the de-